



Daily Report

China

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General

U.S. Moves Against PLO at UN Analyzed

OW181315 Beijing XINHUA in English
0941 GMT 18 Dec 87

["News Analysis: Will PLO Mission Become Scapegoat of U.S. Election-Year Politicking?" by Hong Yunxi—XINHUA headline]

[Text] United Nations, December 17 (XINHUA)—The U.S. congressional attempt to close the Palestine Liberation Organization's observer mission at the United Nations was denounced in a resolution adopted today by the U.N. General Assembly.

Both houses of the U.S. Congress have in the past two days approved a State Department authorization bill which contains an amendment describing the PLO as a "terrorist" organization and barring it from having any permanent office at the U.N. It also prohibits American citizens from taking money from the PLO, thus making it impossible for the PLO mission to function regularly.

The bill may quickly be signed into law by President Ronald Reagan, although the amendment on the PLO office could be overturned if challenged in the courts.

The PLO was invited by the U.N. General Assembly in 1974 as the representative of the Palestinian people to participate in the assembly's proceedings.

Its mission to the U.N. is one of the 14 observer missions whose operations are covered by the provisions of the U.N. headquarters agreement between the host country and the United Nations.

Under the agreement, the United States should fund the establishment of the observer missions, maintain their premises and functional facilities and enable their personnel to enter and remain in the United States.

The observer missions have been accepted as a useful means to enhance U.N. efforts to promote international peace and security.

Many U.N. member states find the PLO mission useful as a communications channel in the search for a peaceful solution to the Arab-Israeli conflict. Through the observer mission, the Palestinians can play a full part in the negotiations determining their future.

Political observers have noted that the U.S. congressional move was designed partly to solicit the Jewish community for support in the coming presidential election by impeding the settlement of the Middle East question and rendering moral support to Israel, which refuses to speak with the Arabs and does not want peace with the PLO.

The sponsors of the American amendment meant to help Israel with a symbolic victory, but "the symbolism has backfired," as THE NEW YORK TIMES said.

The U.S. move, which is also part of a campaign against the United Nations, has set the United States on a collision course with the world body and an overwhelming majority of its member states.

U.N. Secretary-General Javier Perez de Cuellar has said the members of the PLO observer mission are "invitees to the United Nations ... They are covered by Sections 11, 12 and 13 of the headquarters agreement," he said, stressing that the host country has a treaty obligation to permit mission personnel to enter and remain in the United States to carry out their official functions.

Under the headquarters agreement concluded on June 26, 1947, the host country may not "impose any impediments to transit to or from the headquarters" by persons invited by the United Nations. The United States is also required to give free visas to all such people. Legal proceedings may be taken against them only with the approval of the U.S. secretary of state and after consultations with the U.N. secretary-general.

The U.N. resolution was adopted today by an overwhelming vote of 145 in favor to one against with no abstentions. It was opposed only by Israel. The voting pattern is another proof that the congressional move is strongly related to the U.S. election-year politicking, with the PLO mission meant to be its scapegoat.

What are the forces behind the amendment bill? It was drafted last May by Republican Senator Charles E. Grassley, Republican Representative Jack F. Kemp, who is a candidate for the U.S. presidency, liberal Democratic Senators Paul Simon, Howard Metzenbaum and Edward Kennedy as well as Conservative Republican Senator Bob Dole, another presidential candidate.

The U.N. resolution affirms the PLO mission's right to maintain its facilities and calls on the United States to abide by its obligations under the U.N. headquarters agreement and to "refrain from taking any action" that may interfere with the functioning of the PLO mission.

Canada and the 12 European Community nations have made separate statements warning the United States that it would violate its international obligations under the headquarters agreement if it interfered with the PLO observer mission's functions.

Even the U.S. State Department has declared that because the U.N. General Assembly voted to give observer status to the PLO, its U.N. office is shielded by the headquarters agreement.

Secretary of State George Shultz wrote in the same vein to the chairman of the Foreign Relations Committee of the Senate last January.

PRC Corporation Gets 1st Syndicated Loan
HK170859 Hong Kong XINHUA in English
1407 GMT 16 Dec 87

[Text] Hong Kong, December 16 (XINHUA)—A 150-million U.S. dollar syndicated loan for the Chir a Petrochemical Corporation (Sinopec) was signed here today.

The transaction was managed by IBJ Asia Limited, Morgan Guaranty Ltd, Deutsche Bank (Asia) AG, and Manufacturers Hanover Asia Limited with funds provided by 31 banks from 11 countries and areas.

This is the Sinopec's first public syndicated loan in the international financial market and the first loan borrowing by a non-financial Chinese institution without a guarantee, said Zhang Wanxin, vice president of Sinopec.

In a brief statment to the press before the signing ceremony, Zhang said that Sinopec, which was set up in 1983, is one of the largest companies in China. With 520,000 workers, its profits and taxes will reach 15.8 billion yuan (4.27 billion U.S. dollars) this year. Sinopec's exports amounted to 1.5 billion U.S. dollars a year while its imports came to 300-500 million U.S. dollars.

As a sunrise industry in China, petrochemical industry which has been equipped with imported facilities worth five billion U.S. dollars will continue to expand substantially for decades. That means China will continue to import large quantities of equipment, technology and materials for the industry for a long period, he said.

Therefore, Sinopec will raise more syndicated loans in coming years, Zhang said.

Sinopec has obtained loans of 500 million U.S. dollars, which have been mainly spent on overhauling those enterprises with capacity to produce goods for export. It will raise loans no less than the above figure next year, according to Zhang.

Exchanges With Foreign Lawyers Increase
OW200852 Beijing XINHUA in English
1152 GMT 19 Dec 87

[Text] Beijing, December 19 (XINHUA)—Exchanges of Chinese and foreign lawyers have been increasing steadily since China embarked on its reforms nine years ago, today's overseas edition of the "PEOPLE'S DAILY" said.

China's International Lawyers' Exchange Center, formed a year ago, has received 40 delegations of 1,500 foreign lawyers from 37 countries and territories.

In addition, the center has sent scores of Chinese lawyers to law conferences in Britain, France, the U.S., Canada, Japan and Hong Kong.

According to Zhao Damo, head of the centre, the number of lawyers in China is small as the Chinese legal system is in its infancy.

But through exchanges and memberships in such bodies as the Lawyers' Association in Asian-Pacific Region and the International Lawyers' Association, China is gaining the notice of legal experts round the world.

Last August in Hangzhou, capital of Zhejiang Province, China sponsored an international law conference that was attended by about 100 delegates from 20 countries and territories.

The centre is holding talks with European Community Countries on next year's International Law and Trade Conference in Beijing, the newspaper said.

United States & Canada

Four Problems in Sino-U.S. Relations Viewed
HK190913 Hong Kong HSIN WAN PAO in Chinese
19 Dec 87 p 2

["New Talk" column: "Four Problems Exist in Sino-U.S. Relations"]

[Text] A U.S. diplomat has estimated that the volume of Sino-U.S. trade will reach \$9 billion this year, 8 percent larger than last year's \$8.3 billion.

This figure differs from that revealed 1 or 2 days ago by Han Xu, Chinese ambassador to the United States. According to Han Xu, the volume of Sino-U.S. trade will reach \$8 billion, exceeding last year's record \$7.3 billion.

By comparing these figures, one finds that the U.S. figure is \$1 billion larger. The reason is simply that the two countries prepare their statistics on different bases. Transit goods exported to the United States via Hong Kong are not covered by the Chinese figure. China regards these goods as part of Hong Kong's exports.

However, the United States is still China's third most important trading partner (the most important being Hong Kong, with Japan placing second) and the most important investor in the country. Last year, the United States invested \$2.7 billion in China. This year, China made its regulations less restrictive; therefore, the United States invested more money in China this year than in 1986.

This year, apart from U.S. Secretary of State Shultz' visit to China and a visit to the United States by Yang Shangkun, vice chairman of the CPC Central Military Commission, a visit to China by an unprecedentedly large delegation of 905 lawyers and business executives—headed by U.S. Attorney General Meese—to exchange views on investment and legal matters also drew much attention. All this has contributed to mutual understanding.

All this shows that Sino-U.S. relations and cooperation in various fields continued to develop this year, and that the general trends are satisfactory.

However, one cannot deny that in spite of the satisfactory overall situation, there are four problems besetting Sino-U.S. relations. New problems have emerged before old ones have been settled.

The primary problem is, of course, the Taiwan issue. Although the U.S. Government on several occasions reaffirmed its adherence to the "one China" policy, its speeches and actions of "two Chinas" and "one China, one Taiwan" continued in 1987. China is very disappointed in the United States for supplying weapons to Taiwan, including the practice of transferring technology to help Taiwan manufacture advanced weapons on its own. It is hoped that the U.S. Government will thoroughly settle this issue in accordance with the Sino-U.S. Communiqué in a down-to-earth way as soon as possible, especially when the Chinese Government has made the "one country, two systems" proposal.

The Xizang issue is an additional problem in 1987. A small number of U.S. Congressmen openly supported the Dalai Lama's efforts to split China and the "5-point project" advocating Xizang's independence. The U.S. Congress has intensified its intervention in China's internal affairs and hurt the national feelings of the Chinese people. The Chinese side hopes that the U.S. Congress will stop creating any more obstructions to the development of Sino-U.S. relations.

U.S. trade protectionism and the unfair anti-dumping measures toward Chinese products is another issue. The U.S. Congress has recently stopped considering the further relaxation of restrictions on technological exports to China under the pretext of the Xizang issue. This has affected the friendly atmosphere between the two nations.

Another problem that arose this year is that the United States put the blame on Chinese Silkworm missiles in regard to the Gulf situation. China has not only solemnly clarified the facts but has also pointed out that the United States should not shift the responsibility of the deteriorating situation in the area onto the Chinese side. Consultations and dialogue should be conducted with regard to this issue.

The year 1988 will soon arrive. The continuous development of Sino-U.S. relations remains the deep concern for the peoples of the two countries. However, the United States should handle these [four] issues at the earliest possible time.

Agreement Limits Textile Exports to U.S.
OW200357 Beijing XINHUA in English
0103 GMT 20 Dec 87

[Text] Washington, December 19 (XINHUA)—Chinese and U.S. trade negotiators have reached a new four-year bilateral textile trade agreement that will limit the growth rate of Chinese exports into the United States.

U.S. Trade Representative Clayton Yeutter announced today the new Sino-U.S. trade agreement will sharply curtail the growth rate of Chinese textile and apparel exports into the United States.

"Under this agreement, the annual growth rate of China's textile and apparel exports to the United States will decline from about 19 percent to about 3 percent," Yeutter said in a statement.

The new agreement was reached after six rounds of talks, which started in February.

The four-year Sino-U.S. textile agreement will enter into force on January 1, replacing the present accord that expires on December 31.

Last year the United States renegotiated similar textile and apparel import agreements with Japan, South Korea and Hong Kong.

More Chinese Americans Partaking in Politics
HK181206 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0755 GMT 16 Dec 87

[Roundup: "New Progress in Chinese American Participation in Administration"]

[Text] Washington, 15 Dec (ZHONGGUO XINWEN SHE)—In 1987, Chinese Americans made great efforts and new progress in participating in American politics.

On 16 January 1987, Wu Hsien-piao, Chen Hsiang-mei, Yang Chen-ning, and hundreds of other famous people of Chinese origin jointly signed the "Declaration of Citizens of Chinese Origin on Participating in the 1988 Elections." The declaration calls on all people of Chinese origin to unite and struggle for their legitimate rights and interests as well as those of their offspring. On 26 March, nearly 100 Chinese American politicians held a meeting in Montreal Park, Los Angeles, to found the "Political Committee of People of Chinese Origin" (it has been renamed "Political Coordination Committee of People of Chinese Origin") in order to muster the political power of the Chinese community in the United States and to raise some statesmen of Chinese origin to key federal policy-making positions. These actions created an upsurge of political participation among the Chinese community in the United States and opened a new situation in this arena.

Encouraged by this upsurge, Yu Chiang Yueh-kui, secretary of state of California, and Chen Li Wan-jo, former mayor of Monterey Park City, announced that they will run for seats in the U.S. Congress. Wu Hsien-piao, vice governor of Delaware, has decided to run for the governorship of Delaware or for a seat in the Senate. This is the new march by American citizens of Chinese origin toward Capitol Hill, after Kuang You-liang became a congressman of Chinese origin in 1959.

In 1987, American citizens of Chinese origin have achieved obvious results in their political efforts. On 21 April, Huang Chin-po was reelected mayor of (Xi-rui-dou) [0363 3843 6757] City. On 6 July, Chen Shao-hao was elected mayor of Goodsprings City, Nevada, where there is only one Chinese family.

In judicial circles, Chinese Americans achieved inspiring results. In January, Liu Cheng-wei was nominated to be a federal judge by President Reagan. This was another victory won by the American citizens of Chinese origin in the judicial circles, after Deng Hsin-ping was nominated by former President Carter as a federal judge. Chen Tsui-fang, who failed to get the position of civil judge in New York last year, has now succeeded in winning that position, together with Tan Kuo-chen.

Unity has arisen in the Chinese communities in the United States. People contributed money and made efforts to support their representatives to participate in politics without regard to different political viewpoints and geographic bases. This is a significant step forward for all Americans of Chinese origin. A disunited community cannot succeed in doing anything. In order to support Chinese politicians, all kinds of "elector associations" have been organized in the various Chinese communities. The candidates also visit various Chinese communities to hold meetings for raising campaign funds. In early May, Yu Chiang Yueh-kui held two fund-raising dinner parties and raised a total of \$250,000 in campaign funds; this amount was unprecedented.

Chinese Americans are making progress in politics, but they have yet to overcome some major obstacles to their political efforts. For example, owing to political, historical, and geographic reasons, the Chinese community in the United States is still rather scattered and not united enough. This seriously weakens their political influence. Many people of Chinese origin are also busy with their personal business, and they think that "American politics is not my business." As a result, Chinese Americans do not actively cast their votes in elections, and they are not enthusiastic about making campaign contributions. Therefore, the 7,000-member Chinese-American Association put forth the slogan "Unity is strength" for its annual meeting this year, so as to emphasize the importance of the unity of the Chinese community for future development. This is of great immediate and historical significance.

It can be expected that as Chinese immigrants continue to increase and their educational level continues to rise, American citizens of Chinese origin will certainly have bright prospects in American politics. The hope is now placed on the third and fourth generations of Chinese immigrants. Some people have said: "Citizens of Chinese origin will be involved in the political mainstream in the United States."

Hebei Vice Governor Meets Canadian Scientists
SK181238 Shijiazhuang HEBEI RIBAO in Chinese
9 Dec 87 p 3

[Text] On the evening of 8 December, Zhang Runshen, provincial vice governor, met with and feted at the Hebei Guesthouse a three-member delegation from the international development office of Canada which had come to appraise "study and development of the soil and water resources and dry farming of the Hebei plain." The Canadian delegation arrived in Hebei on 25 November to inspect and appraise the project on study and development of dry farming jointly undertaken by their office and the Hebei Provincial Academy of Agro-Science.

Provincial Vice Governor Zhang Runshen said at the meeting: Hebei is a dry area with limited water resources. To study dry farming and increase the output of crops through science and technology is the only way to develop Hebei's agriculture. This project is of great significance to Hebei, to the entire country, and to the dry areas of Asia.

The Canadian scientists will leave Shijiazhuang for Beijing on 9 December.

Soviet Union

Rogachev in Beijing To Give INF Briefing
HK211418 Hong Kong AFP in English
1408 GMT 21 Dec 87

[Excerpt] Beijing, Dec 21 (AFP)—Soviet Deputy Foreign Minister Igor Rogachev arrived here Monday to brief the Chinese Government on the results of the U.S.-Soviet summit in Washington earlier this month.

During his visit, the Soviet and Chinese sides are expected to review their relations and discuss such thorny issues as Vietnam's military presence in Cambodia, a chief obstacle to normalising Sino-Soviet ties, analysts said.

U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev signed a treaty on December 8 scrapping the two states' intermediate nuclear forces (INF). The treaty included some 175 Soviet missiles stationed in the Far East whose range includes China, South Korea and Japan.

President Reagan dispatched special envoy Edward Rowny to Beijing in mid-December to brief China on the results of the summit.

Mr Rogachev's visit, expected not to exceed two or three days, will be "a good opportunity to talk about other problems", probably including Cambodia, an informed East European source said.

Mr Rogachev, Moscow's regular envoy to the negotiations for Sino-Soviet normalisation begun in 1982, will hold talks with his Chinese counterpart Qian Qichen and should meet Chinese Foreign Minister Wu Xueqian, the source said. [passage omitted]

Gromyko Praises INF Treaty

OW190410 Beijing XINHUA in English
0135 GMT 19 Dec 87

[Text] Moscow, December 18 (XINHUA)—The Presidium of the Supreme Soviet expressed its deep satisfaction today over the Soviet-U.S treaty to eliminate intermediate-range nuclear forces (INF).

The official Soviet news agency TASS reported that Andrey Gromyko, the president of the Supreme Soviet, praised the results of Soviet leader Mikhail Gorbachev's visit to Washington and the signing of the INF treaty.

The Supreme Soviet, the highest legislative body in the Soviet Union, will complete ratification of the INF treaty by next January.

In a communique, the legislative body said the INF treaty is considered by mankind as a beginning of true disarmament which could lead to the elimination of massive destructive weapons and therefore eliminate the threat of nuclear war. It added that the Soviet people have every reason to be proud of the INF treaty and to regard the treaty as an historic event.

During his visit to the United States, Gorbachev had raised the possibility that the Supreme Soviet could disagree with him over the treaty. This was believed to be the first time that a Soviet leader brought up such an eventuality.

INF Press Campaign Viewed

OW201556 Beijing XINHUA in English
1447 GMT 20 Dec 87

["Soviet Press Campaign Assures People INF Treaty a Fair Bargain (by Tang Xiushan)"]—XINHUA headline]

[Text] Moscow, December 20 (XINHUA)—The official Soviet press has launched a campaign to reassure the people that the conclusion of the INF treaty is paying off even though the Soviets have to eliminate more nuclear missiles than the Americans under the terms of the agreement.

While leading newspapers here have already made comments trying to explain to the average reader the reason the Soviet Union should scrap more intermediate-range nuclear missiles, the military seems to have led the campaign to justify the deal.

According to official accounts, most of the Soviet population have praised and voiced support for the intermediate-range nuclear forces (INF) treaty, signed by Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan in Washington earlier this month during their third summit meeting.

Under the pact, the first in the history of the superpowers' arms control negotiations that will actually reduce their nuclear arsenals, about 1,320 nuclear warheads on the U.S. side and 2,500 warheads on the Soviet side with a range of 500 to 5,000 kilometers will be eliminated, including both deployed and non-deployed weapons.

The press drive has obviously been launched to answer the doubts of those skeptical of the treaty, those who have complained that their country has made too many concessions in striking the deal with the U.S., putting the Soviets at a disadvantage.

According to a recent survey conducted by the Soviet Academy of Sciences, 37 percent of 500 Muscovites polled believed that the treaty would strengthen security of the Soviet Union, while 43 percent were cautious, only saying it would not undermine the country's security.

But eight percent of those questioned said the conclusion of the treaty would in some measures harm security and 12 percent remained non-committal.

A recent meeting of military officials in charge of propaganda affairs called for "active explanatory work with regard to the Soviet-U.S. treaty on medium- and shorter-range missiles."

A senior military official, in an interview with the Army newspaper RED STAR, Saturday asked the readers who decry the imbalance in the numbers of the rockets to be dismantled, to pay attention to the equilibrium of practical interests rather than that of numbers, even if they are also significant.

Nikolay Chervov, head of a bureau at the General Staff of the Soviet Armed Forces, said this balance of interests and security is fully maintained militarily for the Soviet Union and its allies after the signing of the treaty.

Chervov explained that the American Pershing 2 missiles can hit the Soviet Union's vital heartland in only 10-minutes and this fact conveys the false impression that the West could win a limited nuclear war.

He added that front-line nuclear missiles of the U.S. and its NATO allies had been on the rise and used as blackmail from a position of strength in a bid to gain military superiority over the Soviet Union.

A source of the nuclear threat to the Soviet Union that had emerged as a result of the deployment in Europe of INF missiles will be removed because the U.S. Pershing and cruise missiles are to be dismantled along with those of the same class from the Soviet Union, he said.

"Our security is in no way undermined following the signing of the INF treaty," Chervov said.

The official Soviet news agency TASS, in an article Friday by its military commentator, also challenged those who said either side might have lost the game in signing the treaty, saying the pact is the outcome of mutual accommodation.

It said the Soviet Union's defense capabilities would not be weakened at all since other important means — strategic offensive forces, battle nuclear weapons and conventional armaments and forces are also counted as part of military potential, not just a number of medium- and shorter-range nuclear weapons.

The TASS commentary also advised its readers to be far-sighted and look for future disarmament accords. In concluding an agreement on a fifty-percent cut of the two superpowers' strategic arms, it said, it will be the U.S. turn to reduce more: a reduction of about 4,000 warheads for the Soviets and 9,000 warheads for the Americans.

NATO will also have to cut more of its air strike forces than the Warsaw Pact, TASS said.

Northeast Asia

Further on ROK Presidential Election

RENMIN RIBAO Commentary

HK200946 Beijing RENMIN RIBAO in Chinese
20 Dec 87 p 6

[Commentary by Ya Zhou (7161 5297): "Political Situation in South Korea After the General Election"]

[Text] The result of the South Korean direct presidential election, the first held in the country in the past 16 years, became known at the end of a full day of voting on 16 December. No Tae-u, the presidential candidate representing the ruling Democratic Justice Party, was elected South Korea's 13th "president," winning 36.4 percent of the ballot.

No Tae-u's election victory has further aroused the indignation of the opposition forces, which were strongly condemned by the ruling party for their fraudulent election campaign practices and the young students who have been opposing the government's autocratic rule. On 17 December, more than 2,000 demonstrators went into the streets in Kwangju to protest the ruling party's "unscrupulous, fraudulent practices" in the election. They shouted the slogan "We want a fair election" and

clashed with the police, throwing stones and Molotov cocktails to repulse the tear-gas attacks of the police. Twenty-four demonstrators were arrested during the clashes. There have also been street protests in cities in other provinces. Meanwhile, opposition leaders have declared the election "invalid," and the "All Korea Democratic Alliance" [quan guo min zhu lian meng—0356 0948 3046 0031 5114 4145], a major antigovernment organization, has urged people throughout South Korea to stage demonstrations to stop No Tae-u from assuming the "presidency" in February. In response to this, the South Korean authorities have ordered the police forces throughout the country on full alert and the Armed Forces in a state of combat readiness.

No Tae-u's election victory has greatly disappointed the South Korean people, who have long been looking forward to the end of more than 20 years of autocratic rule by the military. Analysts believe that the reasons No Tae-u won the election this time were, on the one hand, that he had played "gold coin politics" and launched a "reward and gift offensive" to secure votes, as criticized by the opposition; and, on the other hand, he managed to take advantage of the "antagonism between the two Kim's." Kim Tae-chung and Kim Yong-sam enjoy high prestige among the people because of their strong opposition to the dictatorship and their unremitting struggle for democracy. They fought side by side in the struggle to force Chon Tu-hwan to step down. But, as soon as they won the victory for revision of the Constitution and started running in the presidential election campaign, they became rivals for the presidency. In the end, they gave up the agreed joint "single candidate" plan. Consequently, it was the third party that benefited from the tussle—No Tae-u at last turned out to be the winner in the fight for the presidency.

Although No Tae-u obtained the most votes, his prospects are still in critical condition. If the votes he obtained are compared with those of Kim Yong-sam and Kim Tae-chung, the rate is far less than 50 percent. The votes obtained by Kim Tae-chung and Kim Yong-sam account for 53.4 percent. If the 7.9 percent of the votes obtained by Kim Chong-pil—another candidate of a party not in office—is added, the votes obtained by the opposition parties constitute the overwhelming majority. Since the opposition parties have lost the presidential election, they will inevitably join hands again to expose the malpractices of the ruling party in the presidential election and strive for a seat in the National Assembly when No Tae-u assumes office next February. With their hometowns as their bases, Kim Yong-sam, Kim Tae-chung, and Kim Chong-pil manifested the might of the antigovernment forces and local sentiments in the current election. All of this undoubtedly is a threat to No Tae-u, who is to assume office very soon.

Confronted with the challenge and offensive of the opposition parties, observers believe that No Tae-u will have to rely on South Korea's Armed Forces to restrict and suppress the democratic forces in order to maintain

his ruling position and keep the situation under control after assuming power. If this is the case, there are latent crises for No Tae-u, a former serviceman who took part in the coup d'etat launched by Chon Tu-hwan and who suppressed the Kwangju uprisings against military rule. The South Korean people will wage larger scale struggles to oppose autocracy and to strive for democracy. Consequently, the political situation will become more turbulent.

Prior to the current election, a responsible person of the Korean Peaceful Reunification Committee said that if No Tae-u continues to exercise military autocracy after assuming office, besides the "further deterioration of North-South relations and the tense situation in the Korean Peninsula," the "prospects for North-South dialogue and reunification will be gloomy." Following the announcement of the election results, NODONG SINMUN immediately issued a commentary, saying that the South Korean election "was an unprecedented one—characterized by crime, violence, and fraud." The Korean people and all peace-loving peoples in the world are not willing to witness the deterioration of North-South relations and the tense situation in the Korean Peninsula arising from No Tae-u's assuming office.

XINHUA Commentary

OW171939 Beijing XINHUA in English
1855 GMT 17 Dec 87

["Commentary: Newly Elected South Korean President Faces Rough and Bumpy Road (by Zhu Kechuan)"]—XINHUA headline]

[Text] Pyongyang, December 17 (XINHUA)—South Korean ruling Democratic Justice Party (DJP) presidential candidate No Tae-u has been elected the 13th president of South Korea by winning 36.4 percent of the votes on Wednesday's presidential elections, according to election results published in Seoul this afternoon.

No Tae-u is the first directly elected president by South Korean citizens since 1971 and a president with the lowest rate of votes in history.

Among the other three candidates, Kim Yong-sam of the Reunification Democratic Party, Kim Tae-chung of the Party for Peace and Democracy, and Kim Chong-pil of the New Democratic Republican Party got 27.1 percent, 26.3 percent, and 7.9 percent of the votes respectively. The number of votes won by the three Kims together has exceeded that No Tae-u has got.

This shows that No Tae-u is facing a very dim future.

A former armyman, 55-year-old No took part in the military coup launched by outgoing president Chon Tu-hwan after Park Chong-hee was killed in 1979. He also had a hand in putting down the Kwangju people's uprising in 1980.

For eight years, No Tae-u has been an important supporter of Chon Tu-hwan, serving as minister of home affairs, minister of sports, and chairman of the Seoul Olympic Organizing Committee. In 1985, he was appointed to be a representative member of the DJP and his power within the party was only next to DJP President Chon Tu-hwan. He was designated by Chon as the presidential candidate of the DJP on June 10 this year.

General concern in South Korea now is whether he can form a cabinet winning support from the majority of South Korean people and whether he will pursue the policy he promised during the election campaign.

Thornier problems facing the president-elect will be the long acute confrontation between the ruling and opposition parties and the upsurge of local feelings against him arising from the presidential election.

The Reunification Democratic Party and the Party for Peace and Democracy believe that the election of No means a prolonged military dictatorship. The two main opposition parties have been accusing the authorities and the ruling DJP of rigging the presidential election. Both parties announced this afternoon that the election results were invalid.

Early Kim Yong-sam asserted that the election of No would lead to a state of big chaos, and Kim Tae-chung warned of possible suicidal incidents in Kwangju if he was not elected. All the four candidates, with their hometowns as bases, stirred up local sentiments that have caused riots and disruption.

No claimed during the election campaign that he wanted to open "a great era for the ordinary." He promised a lot to the constituents and put forth a 10-point ruling program.

But in South Korea, which has been under 20 years of military rule, it is no easy thing to overcome the evils of the long autocracy in a short period of time. As a (?former) general, No has close ties with the notorious former military regime and is directly responsible for some historic incidents which have been strongly condemned by the public. Whether he can finish his five-year term of office smoothly depends on how much he can negate his past and alleviate the contradictions between the ruling and opposition parties.

Mass demonstrations and labor riots that swept South Korea this summer showed that the practice of resorting to high-handed policy to sustain a regime can only bring about bigger chaos.

Soon after No takes office next February, he will face the parliamentary election. The results of the direct presidential election show that the DJP will not be able to

win, as in the past, the majority of seats in the parliament. Gone is the day when the ruling party can remove the opposition parties from the parliament and pass bills alone.

In short, a rough and bumpy road lies before No, and the political situation in South Korea will not calm down in the near future.

Thousands Protest Election

*OW190331 Beijing XINHUA in English
1525 GMT 18 Dec 87*

[Text] Beijing, December 18 (XINHUA)—Riot police fired hundreds of tear gas bombs to disperse some 2,000 protesters who seized a Seoul district administration building for the third day Friday to protest the alleged fraud in the presidential election earlier this week.

According to reports reaching here, more than 900 people were arrested in the clash and 36 others, including 24 policemen and 12 protesters, were injured, a police spokesman said.

Protesters, chanting "Down with the military dictatorship," threw firebombs and rocks at some 4,000 charging riot policemen and burned 12 vehicles, witnesses said.

It was the first major outbreak of violence in Seoul since No Tae-u, the ruling Democratic Justice Party candidate, won Wednesday's election, the first direct presidential election in 16 years in South Korea.

The protesters have occupied the Kuro District office building since Wednesday when district officials were caught trying to transport out of the building an absentee ballot box which protesters claimed contained stuffed votes in favor of No, the reports said.

About 100 students climbed to the roof of the five-storey building and threatened to jump to their deaths if police attacked them, but nobody jumped in the end, witnesses said.

A student at Yonsei University in Seoul had reportedly burned himself to death to protest the election of No as South Korea's next president. The police spokesman denied the report, which could not be independently confirmed.

Some 1,000 students gathered on the campus then went to the plaza in front of the City Hall to vent their anger at No's victory in the election, according to the reports.

About 50 students were taken away, and some of them were punched by policemen, witnesses said.

Police also detained 230 people following demonstrations in 11 provincial cities Thursday protesting "election rigging," the police spokesman said. Police estimated over 56,000 people took part in the protest action.

The two main opposition parties, Kim Yong-sam's Reunification Democratic Party and Kim Tae-chung's Party for Peace and Democracy, have refused to accept the results of the election. Charging the massive election fraud, they called for demonstrations to overturn Wednesday's vote.

Also on Friday, an 18-member U.S. delegation of academics and congressional aides called for an investigation into election abuses. The delegation was here to monitor the election.

"We believe there were abuses, there were violations, we believe they should be investigated," said Jan Kalicki, the executive director of Brown University's Center for Foreign Policy and a head of the delegation.

The delegation members said they had seen cases of election irregularities and attacks on individuals when they fanned out across South Korea Wednesday to monitor the election.

They also interviewed individuals who said they had received, or were offered, money and other gifts to buy or withhold their votes.

The delegation said it was unable to determine for sure whether election abuses were systematic nationwide.

Protests Continue

*OW201010 Beijing XINHUA in English
0630 GMT 20 Dec 87*

[Text] Pyongyang, December 19 (XINHUA)—About 3,000 protesters today clashed with police in Kwangju during a demonstration against the authorities' alleged rigging of last Wednesday's presidential election, according to reports reaching here.

In the last two days, the reports said, a total of 22,000 protesters launched demonstrations in more than 30 cities in South Korea to denounce what they call the ruling Democratic Justice Party's election fraud.

A total of 4,000 policemen Friday attacked a ballot station in Seoul which was held by 2,000 students on December 16, the election day. Some 60 people were wounded and 1,000 students arrested during the two-hour skirmish.

Police announced Saturday that 74 demonstrations were staged in South Korea on December 18 alone and 1,693 protesters have been arrested so far.

Japanese Minister Asked To Testify on Kokorio

*OW181638 Beijing XINHUA in English
1608 GMT 18 Dec 87*

[Text] Tokyo, December 18 (XINHUA)—Lawyers supporting China's position in the appeal of the "Kokorio" dormitory case Thursday afternoon petitioned the

Supreme Court of Japan and Minister of Justice Yukio Hayashida, demanding that the minister appear in court to state the views of the Japanese Government on the case.

The presentation of the petition to the court was announced at a press conference here.

The Kokorio case involves settling the rightful ownership of a five-storey building in Kyoto which was bought by China after the Second World War and has since been used as a Chinese student dormitory. The building is currently occupied by a majority of students from China's mainland and by about one-quarter of students from Taiwan, and is operated jointly.

In October 1977 the Osaka Higher Court ruled in favor of an appeal made by Taiwan, using the name "Republic of China," who claimed ownership of the building. This was a complete reversal of the decision made by the Kyoto court a month earlier ruling that no case filed by the Taiwan authorities could be heard.

In February 1987, the Osaka Higher Court went even further, ruling that the Kokorio building belongs to Taiwan.

Despite repeated representations from the Chinese Government to the Japanese Government asking that they intervene in the matter, the latter has consistently refrained from doing anything. This attitude is considered by the Chinese side as tacitly allowing the judiciary to pursue a "two Chinas" policy.

The question is more than just a simple case of property rights. The petition submitted by the lawyers points out that it is a legal problem in diplomatic relations directly related to the application of "the Joint Statement of the Government of the People's Republic of China and the Government of Japan" and "the Treaty of Peace and Friendship Between the People's Republic of China and Japan."

It is the lawyers' argument that in light of the Japanese Constitution, judicial departments ought to allow for and respect the views of the government which shoulders the full responsibility for forming and implementing treaties.

Japan's law on the limits of the justice minister's authority also stipulates that the minister of justice can state his or her views at court in an appeal case of great importance to state interests, the petition noted.

The petition also demanded that the Supreme Court of Japan provide the minister of justice with full disclosure of all details pertinent to the case in order that he can make the proper decision in light of the true significance of the case.

In the petition, the defending lawyers demand that the minister of justice, in accordance with Japanese law, actively and explicitly clarify to the court that the ruling in favor of the Taiwan authorities is contrary to both the "joint statements" and the "peace and friendship treaty" signed by China and Japan.

If the judiciary upholds the Osaka judgement in favor of Taiwan, the petition points out, it will inevitably create confusion about Japan's foreign policy to the detriment of Japan's credibility in international affairs.

Takeshita Message Promotes PRC Relations
OW210054 Beijing XINHUA in English
1842 GMT 20 Dec 87

[Text] Tokyo, December 20 (XINHUA)—Japanese Prime Minister Noboru Takeshita today said that Japan will do its utmost to further develop Japanese-Chinese relations.

Takeshita made the remarks in a new year's message published in advance in "JAPAN AND CHINA" of January 1, 1988, an official newspaper of the Japan-China Friendship Association which is issued once every ten days.

In the message, Takeshita said this year is such a memorable year as the Sino-Japanese peace and friendship treaty has been signed for ten years. The relations between Japan and China have been developing stably since the normalization of diplomatic relations of both countries in 1972. Especially since the signing of Sino-Japanese Peace and Friendship Treaty in 1978, the foundation of the two countries' relations have become stronger and more consolidated, and the exchanges between the two countries in various fields have further developed.

Takeshita said: "I am intending to do my utmost to further develop the relations between Japan and China in the 21st century by following the peace and friendship treaty and the four guiding principles for Sino-Japanese relations, namely peace and friendship, equality and mutual benefit, mutual trust and long-term stability."

"I'm looking forward to visiting China this year at a time convenient to both sides and holding talks with Chinese leaders in a further effort to promote long-term development of Japanese-Chinese friendship and cooperative relations," he added.

Southeast Asia & Pacific

Wan Li Begins Official Visit to Thailand

Departs Beijing 19 Dec
OW190921 Beijing XINHUA in English
0702 GMT 19 Dec 87

[Text] Beijing, December 19 (XINHUA)—Chinese Vice-Premier Wan Li left here this morning for Thailand on an official goodwill visit at the invitation of the Thai Government.

Seeing him off at the airport were Wu Xueqian, state councillor and foreign minister, Chen Junsheng, secretary-general of the State Council and Thai Charge d'affaires in Beijing Prayuth Chiphobh.

Stops Over in Guizhou

*HK211051 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 19 Dec 87*

[Text] Wan Li, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, left for Bangkok by special plane yesterday [19 December] to pay an official friendly visit to Thailand at the invitation of the Thai Government.

On his way to Thailand, Vice Premier Wan Li made a brief stopover at (Huaxi) Guesthouse in Guiyang and there received the principal responsible comrades from the provincial party committee, provincial Advisory Commission, provincial Discipline Inspection Commission, provincial People's Congress, provincial people's government, provincial CPPCC Committee, and provincial Military District.

Vice Premier Wan Li was greeted and seen off at the airport by Hu Jintao, Wang Chaowen, and Liu Zhengwei, responsible comrades from the provincial party committee and provincial people's government.

Arrives in Bangkok

*OW200225 Beijing XINHUA in English
1439 GMT 19 Dec 87*

[Text] Bangkok, December 19 (XINHUA)—Chinese Vice-Premier Wan Li arrived here late this afternoon for a week-long official visit to Thailand.

Wan Li and his party were met at the airport by Thai Deputy Prime Minister Phong Sarasin and other Thai officials.

The Chinese vice-premier said that his visit to Thailand is the first to countries of the Association of Southeast Asian Nations (ASEAN), which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. "Our two countries have very close relations," he added.

Phong said Thailand and China share similar traditions and "the political and economic relations have been improving greatly in recent years."

The Thai Foreign Ministry announced here earlier this week that the Chinese vice-premier will have talks with Thai Prime Minister Prem Tinsulanon, and General Chawalit Yongchaiyut, acting supreme commander of the Royal Thai Armed Forces and commander-in-chief of the Royal Thai Army.

He will also be granted an audience with the king and queen of Thailand on December 21, the ministry said.

Wan Li is the highest Chinese official visiting Thailand this year. Since the then Vice-Premier Deng Xiaoping's visit to Thailand in 1978, other Chinese leaders including Deng Yingchao, Zhao Ziyang, Wang Zhen, Tian Jiyun and Gu Mu have visited the countries, adding impetus to the development of relations between the two countries.

Meets Thai Deputy Premier

*OW200228 Beijing XINHUA in English
1630 GMT 19 Dec 87*

["Good Relations"—XINHUA headline]

[Text] Bangkok, December 19 (XINHUA)—Thai Deputy Prime Minister Phong Sarasin and Chinese Vice-Premier Wan Li firmly believed here today that the close and friendly relations between Thailand and China would continue strengthening and developing.

They expressed the opinion at a reception given by the Thai deputy prime minister this evening in honor of Wan Li who arrived here this afternoon for a week-long official and goodwill visit and extending congratulations on behalf of the Chinese Government to the King of Thailand Phumiphon Adunyadet on his 60th birthday.

Phong said Wan Li's visit would further strengthen the existing good relations between the two countries.

He pointed out, "In the past 12 years since Thailand and China forged formal diplomatic relations, the cooperative relations between the governments and peoples of the two countries in the political, economic, social and cultural domains have constantly strengthened on the basis of equality and mutual benefit."

Wan Li in his speech extolled the good development of the friendly relations between China and Thailand in various domains.

He said, "Both China and Thailand firmly support the Coalition Government of Democratic Kampuchea headed by Samdech Norodom Sihanouk and firmly support the Kampuchean people in their just struggle against Vietnamese aggression. They have made sustained efforts for an early, just and reasonable political solution to the Kampuchean problem."

Wan Li praised the king of Thailand for his contribution to the building of friendly relations between the two countries.

He also praised the Thai Government for its principled stand in international affairs, particularly on the Kampuchean problem.

Meets Thai Armed Forces Chief
OW202205 Beijing XINHUA in English
1600 GMT 20 Dec 87

[Text] Bangkok, December 20 (XINHUA)—China and Thailand declared today they will continue to support the Kampuchean people in their struggle against the Vietnamese aggression till all Vietnamese troops pull out of Kampuchea, the Kampuchean people realize their right to self-determination and Kampuchea recovers her status of independence, neutrality and non-alignment.

The two sides expressed the common stand when Chawalit Yongchaiyut, acting supreme commander of the Thai Armed Forces and Army commander-in-chief, met with visiting Chinese Vice-Premier Wan Li this morning.

Wan Li highly praised the Thai Government and troops and Chawalit for their efforts in promoting the friendship and cooperation between China and Thailand and in supporting the just struggle of the resistance force in Kampuchea against the Vietnamese aggression.

He said the Thai Government maintains a correct stand on the Kampuchean problems. China and Thailand have closely coordinated with each other on the Kampuchean problem, jointly supporting the just struggle of the Coalition Government of Democratic Kampuchea headed by Samdech Norodom Sihanouk.

Chawalit declared that the Thai Government and troops have not changed their stand on supporting the just struggle of the three Kampuchean patriotic forces and will continue to strengthen their coordination and cooperation with the Chinese Government and people in this regard.

Goes Sightseeing 20 Dec
OW202212 Beijing XINHUA in English
1626 GMT 20 Dec 87

[Text] Bangkok, December 20 (XINHUA)—Visiting Chinese Vice-Premier Wan Li visited Pata department store, the Grand Palace which includes the Emerald Buddha Temple, and the crocodile farm here today.

The department store, with over 2,000 employees, is the biggest modern shopping center in Thailand. He was deeply impressed by the department store and praised it for its good management.

The Grand Palace including the Emerald Buddha Temple is a famous tourist spot in this country, attracting over 3,000 foreign tourists every day.

The vice-premier visited various temples with keen interest and praised Thailand's excellent traditional culture and art.

Wan Li later visited the crocodile farm, 25 kilometres southeast of Bangkok, which is the biggest man-made crocodile farm in the world and has 30,000 crocodiles. "May the world famous crocodile farm further prosper," he wrote in the visitors' book.

Meets Thai Prime Minister
OW211146 Beijing XINHUA in English
1134 GMT 21 Dec 87

[Text] Bangkok, December 21 (XINHUA)—Thai Prime Minister Prem Tinsulanon met visiting Chinese Vice-premier Wan Li here this morning. They had a discussion on strengthening the friendly ties between the two countries and on the Kampuchea problem.

During their visit, Wan Li said that Chinese leaders attached great importance to developing friendly relations between the two countries. He congratulated King Phumiphon Adunyadet of Thailand on his 60th birthday on behalf of Chinese leaders Deng Xiaoping, Li Xian-nian, Zhao Ziyang and Li Peng and passed on the greetings from Acting Chinese Premier Li Peng to Prime Minister Prem.

On international affairs and regional developments, Prem said that Thailand and China have common views on many international questions such as on the Kampuchean problem and the opposition to racial discrimination.

He pointed out that Thailand has fought the war against Vietnam on the border for nine years. "It is not we who want to fight with Vietnam, it is Vietnam that has violated Thailand's territory," he said, "Thailand has to take measures to get the intruding Vietnamese troops out."

Wan Li said that China and Thailand have a unanimous stand on the Kampuchean problem. They have cooperated very well in supporting the tripartite Coalition Government of Democratic Kampuchea headed by Samdech Norodom Sihanouk and in supporting the building of an independent and non-aligned country in Kampuchea.

Wan Li said that "there is prerequisite" for Chinese leader Deng Xiaoping to meet with Soviet leader Mikhail Gorbachev, that is, the Soviet Union stops supporting Vietnam in occupation of Kampuchea. He pointed out that without Soviet support, Vietnam cannot sustain the occupation, and that without the withdrawal of Vietnamese troops from Kampuchea, there will be no solution of the Kampuchean problem.

A spokesman for the Prime Minister's Office said Prem had informed Wan Li on his scheduled visit to the Soviet Union early next year. Prem told Wan Li that he will speak frankly on the Kampuchea question during his

visit and ask the Soviet Union to stop supporting Vietnam in its continued occupation of Kampuchea and urge Vietnam to withdraw its troops from that country.

Wan Li arrived here on December 19 for a week-long official and good-will visit.

Vanuatuan President Continues Official Visit

Feted by Li Xiannian

OW181602 Beijing XINHUA in English
1543 GMT 18 Dec 87

[Text] Beijing, December 18 (XINHUA)—Chinese President Li Xiannian gave a banquet here tonight for Ati George Sokomanu, president of Vanuatu, his wife and their party who are on an official good-will visit to China.

Speaking at the banquet, both presidents expressed desire to further friendly relations and cooperation between the two countries.

Li described Vanuatu as a "young nation" "full of vitality." He praised the country for its internal and external achievements in the past eight years since its independence.

"Our bilateral exchanges and cooperation have been expanding and our friendship strengthening since the establishment of diplomatic ties between our two countries five years ago," Li said.

Cooperation between the two countries is going on smoothly in many fields, the economic and technological fields in particular, he added.

He stressed that China and Vanuatu belong to the Third World and are devoted to the lofty cause of maintaining world peace and their own national development.

"There is a solid foundation and good prospects for the development of our bilateral relations," Li said. "The Chinese Government will, as always, continue to attach importance to developing friendly relations and cooperation with Vanuatu, and is ready to work with the Vanuatu Government for further strengthening of such relations," he said.

In reply, Sokomanu said Vanuatu regards China as a friend and a great country whose historical heritage and contemporary experiences offer them a lot to admire and to learn from.

South Pacific island countries have the desire to pursue and develop friendly dialogue and links of cooperation with China in spite of vast geographical distance, he said.

"We, in the South Pacific region are linked with common aspirations to be free, to live in peace and to achieve acceptable living conditions for our respective peoples," he added.

"These common aspirations are clearly reflected in our common resolve to see an immediate end to colonialism in the Pacific, our common efforts to promote a stable and non-confrontational climate in the region, and our desire to seek and engage in beneficial cooperation arrangement with countries in other parts of the world such as China," he said.

The responses of the Chinese Government to these aspirations, in particular by ways of extending government's development assistances to South Pacific island countries, have been noted with deep appreciation by all of them, he said.

President Li's wife Lin Jiamei and high-ranking Chinese officials attended the banquet.

Earlier today, Sokomanu laid a wreath at the Monument to the People's Heroes here.

Meets With Li Peng

OW191351 Beijing XINHUA in English
1330 GMT 19 Dec 87

[Text] Beijing, December 19 (XINHUA)—Chinese acting Premier Li Peng met Vanuatu President George Ati Sokomanu and his party here today.

After extending a welcome to Sokomanu, Li said there has been a sound and satisfactory development of ties between China and Vanuatu.

Li said he is convinced that Sokomanu's current visit to China will certainly make fresh contributions to strengthening the friendly relations and cooperation between the two countries, and the friendship between the two peoples.

Li also briefed the visitors on China's domestic situation, nine years' practice of reform and opening to the outside world, and independent and peaceful foreign policy.

He said China is engaging in economic development on a large scale and hopes for a peaceful international environment.

In handling relations between countries, he said, China strictly abides by the five principles of peaceful coexistence. It maintains that the internal affairs of a country should be dealt with by the people of that country according to their own will.

He assured the visitors that China is enthusiastic about economic and technological cooperation with Vanuatu, and is willing to provide, within its capability, economic and technological assistance to that country.

Giving an account of Vanuatu's foreign policy, Sokomanu said his country pursues a policy of non-alignment, and tries to expand relations with as many countries as possible.

It refrains from interfering in other countries' internal affairs and respects the dignity of other peoples and the sovereignty of other countries for the sake of world peace and unity, he said.

He reiterated Vanuatu's policy of opposing colonialism and standing for the establishment of a South Pacific nuclear-free zone.

He said the Vanuatu people are doing their best to develop their resources, including forest resources and agriculture, and trying to realize self-sufficiency in agricultural products.

He said he hoped for increased cooperation with China in this regard.

Leaves Beijing For Xian
OW201008 Beijing XINHUA in English
0645 GMT 20 Dec 87

[Text] Beijing, December 20 (XINHUA)—Vanuatu's President Ati George Sokomanu and his wife wound up their visit to the Chinese capital and left Beijing for Xian this morning.

Chinese President Li Xiannian and his wife Lin Jiamai went to the guesthouse to see the visitors off.

Bidding farewell to the distinguished guests, Li praised Sokomanu for his efforts in promoting friendship between the two countries and said Sokomanu's current visit has helped further the China-Vanuatu relations.

Sokomanu said that the governments and peoples of the two countries wish to develop their friendship in order to safeguard world peace.

Sokomanu and his party also plan to visit Shanghai before going home.

Near East & South Asia

Sudanese Prime Minister Arrives in Beijing
OW210930 Beijing XINHUA in English
0910 GMT 21 Dec 87

[Text] Beijing, December 21 (XINHUA)—Sudanese Prime Minister al-Sadiq al-Mahdi arrived here this afternoon for an official goodwill visit to China at the invitation of the Chinese Government.

This is the prime minister's first China visit. Accompanying him are Dr. Ma'mun Sanadah, minister of foreign affairs, and Dr. Ibrahim Hasan 'Abd al-Jalil, minister of trade, cooperation and supply.

Later today, Acting Chinese Premier Li Peng will preside over a welcoming ceremony for the Sudanese prime minister. This is the first time for Li to host the head of a foreign government since he became acting premier November 24.

It was learned that during his stay in Beijing, Al-Mahdi will exchange views with Chinese leaders on the development of bilateral relations and cooperation and the international issues of common concern.

The Sudanese prime minister and his party were greeted at the airport by Zhu Xun, chairman of the Reception Committee of the Chinese Government and minister of geology and mineral resources.

Feted by Li Peng
OW211554 Beijing XINHUA in English
1517 GMT 21 Dec 87

[Text] Beijing, December 21 (XINHUA)—The recent summit meeting of Arab countries will exert an active influence in promoting a just and reasonable solution to the Middle East issue and in easing tension in the Gulf.

Chinese Acting Premier Li Peng made the remark at a banquet held for the Sudanese Prime Minister al-Sadiq al-Mahdi here this evening.

Li also said that China is delighted that the summit had strengthened Arab unity.

The situation in the Middle East is still tense and [full of] unrest, Li said. The Chinese Government opposes the Israeli policy of aggression and expansion and supports the just struggle of the Arab and Palestinian people to recover their lost territory and restore the national rights, the acting premier added.

China supports the convocation of an international peace conference on the Middle East issue to be presided over by the United Nations, and China has followed closely with the seven-year-old Iran-Iraq war and the tense situation in the Gulf, Li went on.

On the Iran-Iraq war, Li said that the Chinese Government takes the position of strict neutrality and active reconciliation.

Li hopes that parties concerned should support the mediative activities of the secretary general of the United Nations and join their efforts for an overall and complete implementation of the No 598 Resolution of the UN Security Council.

In his toast, Li praised the government of Prime Minister al-Sadiq al-Mahdi for building national unity, for rehabilitating the economy and for its policy of peace, neutrality and non-alignment.

Al-Sadiq al-Mahdi said the warm reception received by him and his delegation showed the solid relationship between the people and the government of the two countries.

Sudan adheres to the principles of non-alignment and non-interference in internal affairs of other countries, good-neighborliness, regional stability and world peace, Al-Sadiq al-Mahdi said. Only by realizing stability could the Sudanese people and the people of other Third World countries achieve political, economic and social progress.

Prior to the banquet, Li Peng presided over a grand ceremony in the Great Hall of the People to welcome the Sudanese prime minister. After the ceremony, the two leaders had a brief and friendly conversation.

Al-Sadiq al-Mahdi is the first foreign head of government Li Peng has received since he assumed the acting premiership on November 24.

The Sudanese prime minister arrived here this afternoon for an official visit to China at the invitation of the Chinese Government. This is his first visit to China.

Al-Sadiq al-Mahdi is being accompanied on the visit by Minister of Foreign Affairs Ma'mun Sanadah and Minister of Trade, Cooperation and Supply Ibrahim Hasan 'Abd al-Jalil.

The Sudanese prime minister is scheduled to hold talks with Li Peng tomorrow.

East Europe

Zhao Ziyang Congratulates CSSR's Jakes
OW181423 Beijing XINHUA Domestic Service
in Chinese 0921 GMT 18 Dec 87

[Text] Beijing, 18 Dec (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee, today cabled a message to Milos Jakes, general secretary of the Central Committee of the Czechoslovak Communist Party, to sincerely congratulate him on his election as general secretary of the Central Committee of the Czechoslovak Communist Party.

The message pointed out: "At a time when you have been elected as general secretary of the Central Committee of the Czechoslovak Communist Party, I wish to extend my heartfelt congratulations to you on behalf of the CPC Central Committee and in my own name."

The message went on saying: "I hope that the relations of friendship and cooperation between the two parties, the two countries, and two peoples of China and Czechoslovak will continue to develop and that the Czechoslovak people will continue to score achievements in their great cause of building socialism and safeguarding world peace."

Defense Ministry Celebrates Yugoslav Army Day
OW190515 Beijing XINHUA in English
1500 GMT 18 Dec 87

[Text] Beijing, December 18 (XINHUA)—The Chinese Ministry of National Defense held a meeting here today at the division headquarters of the Beijing Military Command to celebrate the 46th anniversary of the founding of the Yugoslav People's Army, which falls December 22.

Zvone Dragan, Yugoslav ambassador to China, and Tomislav Simunovic, Armed Forces attache of the Yugoslav Embassy here, and other Yugoslav guests attended the meeting. Simunovic made a speech to the Chinese officers and soldiers, reviewing the history and achievements of the Yugoslav People's Army.

Simunovic also conferred on three Chinese soldiers the "Order of the Exemplary Soldier", which is said to have been awarded to only 299 soldiers in Yugoslavia itself.

In the afternoon, both the guests and hosts viewed training exercises.

NATIONAL AFFAIRS

Returned Student's Trial Begins in Shanghai

HK210630 Hong Kong AFP in English 0624 GMT
21 Dec 87

[Text] Beijing, Dec 21 (AFP)—A student who returned from the United States and was arrested in January during street demonstrations for greater political freedom, went on trial in Shanghai Monday for alleged political crimes, officials said.

A Chinese official with the Shanghai Middle People's Court said by telephone that the student, Yang Wei, was on trial Monday, but that it was "difficult to specify his exact crimes."

He did not deny that Mr Yang had been accused of "counter-revolutionary" or anti-government crimes. The official refused to comment further on the trial or the charges.

A spokesman for the Shanghai Foreign Affairs Office said in a telephone interview that Mr Yang's trial would be closed to foreign journalists.

The case of Mr Yang, a University of Arizona student who returned to China in May 1986 and was arrested in Shanghai in January during demonstrations for greater freedom and democracy, has been widely mentioned in the United States, observers noted.

The U.S. Congress recently cited Mr Yang's case as an example of China's violation of human rights and calling for his immediate release. Western observers said that Mr Yang is the third student to be charged in court for his participation in the demonstrations which occurred in more than 20 cities between December 1986 and January 1987.

Receives 2-Year Sentence

HK211522 Beijing XINHUA in English 1459 GMT
21 Dec 87

[Text] Shanghai, December 21 (XINHUA)—The Shanghai Intermediate People's Court today sentenced a student returned from the United States, Yang Wei, to a fixed prison term of two years and deprived him of his political rights for one year for conducting "demagogical propaganda for counter-revolutionary ends".

Yang was tried in open court.

According to court investigations, Yang went to study in the United States in 1983, and in 1985 he joined the "Chinese Alliance of Democracy", an organization aimed at "abolishing the 'Four Cardinal Principles' in the Chinese Constitution" and "fundamentally changing the present autocratic system in China."

The Four Cardinal Principles in the Constitution refer to adherence to the socialist road, the people's democratic dictatorship, the Communist Party leadership, and Marxism, Leninism and Mao Zedong Thought.

The court heard that Yang wrote articles for the organization's journal "China Spring" in which he attacked the people's democratic dictatorship and the socialist system.

After he returned to Shanghai in May 1986, the court was told, Yang was active in collecting information about students' unrest at the end of 1986 and secretly sent materials back to the headquarters of the Alliance. He was found to have put up reactionary slogans on the campus of Fudan University on December 22, 1986.

Yang sent letters from the Alliance to students in Beijing and Guangzhou which called on students to expand disturbances. He also incited others to publicize the letters and to defy government decrees, the court was told.

Yang was represented by lawyers Li Guoji and Song Xiaohong. Yang's parents were present at the trial. The court made the first instance ruling under Articles 102 and 52 of the Chinese Criminal Law.

'Clandestine' Groups Condemned

HK211620 Beijing XINHUA Hong Kong Service
in Chinese 1404 GMT 21 Dec 87

[Report: "Responsible Person of Shanghai Municipal Public Security Bureau Answers Reporters' Questions on 'China Democracy and Solidarity Alliance' and 'China Spring'"]

[Text] Beijing, 21 Dec (XINHUA)—A responsible person of the Shanghai Municipal Public Security Bureau today answered reporters' questions on "China Democracy and Solidarity Alliance" and "China Spring."

Question: The Shanghai Municipal Public Security Bureau cracked down on the counterrevolutionary propaganda and instigation case of Yang Wei. The Shanghai Municipal People's Procuratorate and the Shanghai Municipal Intermediate People's Court have instituted public proceedings against the case which has involved "China Democracy and Solidarity Alliance" (hereinafter called "Chinese Alliance of Democracy") and "China Spring." We would like to ask about the nature of the organization "Chinese Alliance of Democracy."

Answer: "Chinese Alliance of Democracy" is a reactionary organization which is hostile to, and attempts to undermine, the socialist system in China, and an organization with the aim of overthrowing the people's government. It was established in New York in December 1983 by a Chinese student called Wang Bingzhang who went to Canada in 1979.

The program of the organization openly proclaims that it intends to "completely change the existing autocratic system in China, abolish the 'four upholds' of the PRC, namely 'upholding the socialist road, the people's democratic dictatorship, the leadership of the Communist Party, and Marxist-Leninism-Mao Zedong Thought.' Obviously, this has run counter to the Chinese Constitution.

Over the past few years, the "Chinese Alliance of Democracy" has carried out a series of sabotages against the Chinese Government. For example, they have set up organizations aimed at luring Chinese officers and personnel working abroad to betray their motherland. They have also tried in every way to penetrate our motherland to collect information, spread rumors, confuse and poison people's minds, and make trouble. They have tried to create disturbances, destroy the good situation of stability and unity, and destroy the process of the building of the socialist modernizations. They have carried out large-scale reactionary propaganda to instigate the masses to overthrow the people's democratic power and the socialist system. Recently, they have even tried to form a reactionary political party. That the "Chinese Alliance of Democracy" has incited and ordered Yang Wei to carry out the counterrevolutionary propaganda is a vivid example.

Question: What type of publication is "China Spring"?

Answer: "China Spring" is an instrument used by the "Chinese Alliance of Democracy" to carry out reactionary propaganda aimed at overthrowing the people's government.

It was established by Wang Bingzhang and some others in November of 1982. It began to be sponsored as a publication by the "Chinese Alliance of Democracy" from its 10th issue. Since its establishment, "China Spring" has carried out propaganda against the people's government and against the Four Cardinal Principles and has regarded such propaganda as its aim.

Over the past few years, "China Spring" has published a large number of articles attacking the CPC, slandering the socialist system, and advocating that China should take the capitalist road. It has also tried to cheat the people by cooking up stories and spreading them around. It has brazenly fabricated documents of the various departments and commissions of the CPC Central Committee and the State Council of China. It has spread the rumor that China has carried out military manoeuvres aimed at attacking Taiwan, and defiled and slandered China's domestic and foreign policies. On the pretext of supporting "human rights," it supported the splittist activities carried out by the Dalai Clique and tried to destroy China's nationality solidarity.

Question: What is the policy toward the "Chinese Alliance of Democracy" and "China Spring"?

Answer: Article 1 of the PRC Constitution clearly provides: "The PRC is a socialist state under the people's democratic dictatorship led by the working class and based on the alliance of workers and peasants. The socialist system is the basic system of the PRC. Sabotage of the socialist system by any organization or individual is prohibited."

We do not allow the "Chinese Alliance of Democracy" to carry out activities and "China Spring" to be distributed within the boundaries of China. All clandestine organizations set up by the "Chinese Alliance of Democracy" within the boundaries of China are banned and any copy of "China Spring" that is brought into China will be confiscated. Those who have been involved in the activities of these organizations will be treated case by case in different ways. Wang Bingzhang and a handful of people who were leading founders of the "Chinese Alliance of Democracy" and leading publishers of "China Spring" are regarded as hostile elements who have betrayed the motherland and publicly engaged in sabotage against the socialist system. Those who have joined the "Chinese Alliance of Democracy" abroad and carried out infiltrations and sabotage after returning to China will be prosecuted for criminal offences in accordance with the law. As for those ordinary members of the "Chinese Alliance of Democracy" who were deceived into joining the organization, we will uphold the principle of education toward them. They will not be prosecuted so long as they declare that they have officially broken away from the "Chinese Alliance of Democracy" and no longer take part in any activities as assigned by the organization. A small number of people in China have made contact with the "Chinese Alliance of Democracy" in the past because they were not clear about the nature of this organization. These people will not be prosecuted either if they do not keep in touch with the "Chinese Alliance of Democracy" any more.

Lhasa Police Praised for Suppressing Riots
OW200832 Beijing XINHUA Domestic Service
in Chinese 1301 GMT 19 Dec 87

[By reporter Pi Deyi and correspondent Lan Huaguo]

[Text] Lhasa, 19 Dec (XINHUA)—The headquarters of the Chinese People's Armed Police Force has sent a salute group to Lhasa to convey its appreciation to the armed police members there who made important contributions to suppressing the Lhasa riots, protecting the people's lives and property, defending the motherland's unification, and keeping unity among various nationalities.

The 13-member group, headed by Deputy Commander of the Armed Police Force Fan Zhilun and Deputy Political Commissar Zhang Haitian, arrived in Lhasa on 18 December. Entrusted by the Ministry of Public Security and the Armed Police Force Headquarters, the group visited 38 grassroots armed police units in Lhasa and presented to them silk banners and articles of daily use

on behalf of all the armed police in China. The group also visited the Xizang Autonomous Regional Party Committee and the People's Government and thanked them for their warm attention and great support to the armed police units. During a reception for the group, Wu Jinghua, secretary of the Autonomous Regional Party Committee, pointed out: In the course of suppressing the Lhasa riots, the armed police gave an outstanding performance and did a good job. Their contributions will go down in a brilliant page of Xizang's history.

Article on Separation of Party, Government
HK190821 Beijing RENMIN RIBAO in Chinese
11 Dec 87 p 5

[Article by Wu Guoguang (0702 0948 0342): "'Separation of Party and Government,' Not Just 'Division of Work Between Party and Government'—Analysis and Understanding of a Major Proposal on Reform of the Political Structure"]

[Text] "Division of work between party and government" is quite familiar to people. However, in the report of the 13th CPC National Congress, the phrasing of "separation of party and government," rather than "division of work between party and government," was used when expounding reform of the political structure. Why was "separation of party and government" used as a substitute for "division of work between party and government"? What are the differences between the two? A clear understanding of this question will help us gain a profound understanding of the principle of reform of the political structure which has been put forth by the CPC Central Committee.

Obviously, the difference in meaning is not as small as the difference made by changing just one Chinese character. This is clearly seen in the following analysis:

First, the two formulations are aimed at different things. When we carry out the reform, we are trying to promote what is beneficial and abolish what is harmful. We are trying to develop the superiority of the socialist system and eliminate the defects of our structure. Therefore, the measures for reform are always aimed at the defects that actually exist in our structure. What are the main defects of our political structure? At an enlarged meeting of the Political Bureau of the CPC Central Committee in August 1980, Comrade Deng Xiaoping said in definite terms: Regarding the leadership system of our party and state, the main defects are bureaucratism and the overcentralization of power. A root cause of bureaucratism is also the overcentralization of power. In the relations between party and government, overcentralization of power is expressed by making no distinction between party and government and substituting party for government. That is why Comrade Deng Xiaoping said: "The expression of overcentralization of power is that all powers are inappropriately grasped by the party committee without analysis under the slogan of strengthening the unified leadership of the party, and the powers of the

party committee are usually in the hands of a few secretaries, especially the first secretary." As a result of overcentralization of power, the party committee often takes on what ought to be done by others, thus reducing its position of the vanguard to one of general service officer. Since the party is tied up by trifling affairs, its leading role is weakened. In view of this defect, we must separate the party from government affairs.

Then, why not just emphasize division of work between party and government? No, it will not do. Because this has already been proved to be ineffective by history and our practical experiences and lessons. The so-called division of work between party and government is often interpreted as a system of division of work with individual responsibility between the leaders of the party committees who are in charge of party affairs and those who are in charge of government organs. This system of division of work with individual responsibility is mainly a work method. It does not reflect the differences between the party organization and the state's power organization in nature and functions. Since the founding of the state, what we have implemented is actually this kind of leadership system, that is, the system of "division of work between party and government." Since this system bears the characteristics of division of work among the members of the party committee, the result is usually making no distinction between party and government and substituting party for government. Therefore, it is not enough to merely emphasize "division of work between party and government."

When talking about this, we have already touched on the question of differences between the basic meanings of "separation of party and government" and "division of work between party and government." We must realize that a political party and the political power of the state are two different forms of social organizations which have different functions and different organizational principles and activities. "Separation" means that we must draw a distinction between the two and recognize their essential differences. Compared with "ST-4-589," the wording of "division of work" is rather obscure. Separation refers to separation of the functions of party and government. The party has its own functions as does the government. It is necessary to draw a clear distinction between them.

Another major difference between "separation of party and government" and "division of work between party and government" is the difference in the degree of systematization. Generally speaking, division of work is more flexible. However, the separation in accordance with different functions is more stable and definite since it is determined by their different natures. Moreover, the separation between the functions of party and government is naturally expressed by different organization forms. Thus, the degree of systematization in distinguishing between party and government is naturally higher. When party and government are separated, the situation of making no distinction between party and

government and substituting party for government will be changed. The party will carry out its activities within the range permitted by the Constitution and laws. The degree of systematization and legalization of the operation of the entire society will be raised. The party will strengthen the building of its internal systems in light of its nature, and the power organization will do the same in light of its own nature. They are two important tasks in the effort to promote systematization. If the party and the power organization are not separated according to their different functions, we will not be able to carry out systematization in these two aspects.

In short, compared with the working of "division of work between party and government," the formulation of "separation between party and government" is more accurate, more perfect, more fundamental, and therefore, more scientific.

As a matter of fact, "separation of party and government" is not a new formulation that has just been proposed. Comrade Deng Xiaoping has been using this expression since 1980. This formulation, which is a summation of historical experiences and lessons, has a more profound meaning. In essence, it advocates clarifying the different social functions of the party and the state's power organization in the form of law and system so that the Communist Party, which is in power, can realize the change from the wartime leadership system characterized by substituting party for government to the new system of exercising leadership through the power organization of the state and through laws and systems in the period of construction, so that the leading position and leading role of the party in the socialist modernization drive can be guaranteed, and so that the party can more effectively lead the people to carry out construction of modernizations. The separation of party and government symbolizes an important change in the leading systems of the party and the state. However, the wording "division of work between party and government" cannot fully express this historical change.

Will separation of party and government weaken the leadership of the party? Due to such apprehensions, some comrades may think that it is safer to advocate "division of work between party and government."

Under the condition of separation of party and government, will party leadership be actually strengthened and become more effective? As was just mentioned, since the founding of the state, what we have actually adopted is the system of division of work between party and government. Under this leadership system, there is no clear distinction between party and government and the government is substituted for by the party. The leading role of the party has actually been weakened. The weakening of the party's leading role can at least be seen in the following three cases: 1. Since the party takes care of heavy administrative affairs as well as a lot of trifling things, it has reduced its position of leader to that of ordinary office worker, unable to concentrate its energy

on the performance of its main duties; 2. For this reason, the party is unable to grasp well its own building, and the serious situation where "the party does not care for party affairs" exists, which has weakened the party's fighting power on the ideological and organizational fronts as well as in its work style and has obstructed the efforts to strengthen the party's leadership ability and give play to the party's leading role; 3. Since the party takes care of everything, not only do all affairs have to be handled by the party, but also all contradictions and opinions have to be dealt with by the party, and as a result, the party's role of supervision in various fields has been weakened.

In view of this situation, in the reform of the political structure, it has been emphasized that party and government should be separated. It has also been regarded as the key to successful reform of the political structure. Only when party and government are separated can we really realize the party's leading role and improve its leadership level, can we ensure that our party can grasp the overall situation and major affairs properly while strengthening its own building, and can we overcome bureaucratism and curb the trend of making the party an administrative organization. Is such a party, such a leadership structure, not more powerful?

A very important reason why the separation of party and government has often been misunderstood as something that may weaken party leadership is that for a long time in the past, we did not have a correct understanding of the real meaning of "leadership." Many cadres are accustomed to the old structure. They like to be engaged in lots of trifling matters, to approve people's doing this and that, and to handle concrete cases, trying to attend to big and small matters all at once. All matters, big or small, have to be discussed at party committee meetings, and all have to be decided by the party committee secretary. It seems to them that only in this way can they feel they are holding real power and exercising their power. If they are told not to do things this way or change a method, they will feel that they have nothing at all: What on earth do power and leadership mean if one does not approve people doing this and that or spend money and build projects? It is true that if leadership means taking care of everything, then separation of party and government has really weakened the leadership of the party. However, this is not true leadership. The leadership of our party is political leadership, that is, the leadership by political principles, political orientation, and major policy decisions. This is the leadership that we should strengthen. Only thus can we enable our party to perform its duties better and can we make our society full of vigor and vitality. This is where the positive significance of separation of party and government lies.

Daily Comments on Steps to Democracy
OW181157 Beijing XINHUA in English
0718 GMT 18 Dec 87

[Text] Beijing, December 18 (XINHUA)—The consultation and dialogue system in China is enabling people to have more say in state and social affairs, said today's "PEOPLE'S DAILY".

As an important part of the political reform, the paper said in a front-page commentary, the newly introduced system now being practised regularly will help promote the development of socialist democracy in China.

The paper said due to errors of the leadership and setbacks over the past 30 odd years, the Chinese people's democracy has been far from perfect, at times severely hindering the development of the socialist cause in all fields.

As reforms have deepened, the people's sense of participating in government and political affairs has enhanced, the paper said.

"The new system serves as an effective way for exchanges among the Communist Party, Government, organizations and people."

The system will instill harmony, remove misunderstandings and differences, strengthen democratic supervision, and eliminate bureaucracy, the paper said.

It will also help the leaders appreciate more the different views of the people, reduce mistakes, and ensure reforms represent the interests of the majority.

The newspaper said the system should embody the principle of making public the activities of the leading bodies, letting people know about important events and enabling people to discuss important issues.

Leading officials will have to be prepared to have their performances, policies, ethics, and talents exposed to public scrutiny, it noted. Therefore, they must improve their quality and accept democratic supervision willingly.

"The success of the reform calls for arousing the whole nation," the paper said.

"Only by carrying on the socialist democracy truly can the self-confidence, creativity and responsibility of the people be aroused and they be attracted into the currents of reform.

"The system of consultation and dialogue is by no means merely a reform of ideological and political work method but a new basic form of socialist democracy which is bound to play an important role in the course of building socialism with Chinese characteristics," it concluded.

Trade Unions To Undergo 'Major Reforms'
HK210729 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0827 GMT 14 Dec 87

[Report by Wang Xiaohui (3769 2556 2547): "China's Trade Union Will Undergo Major Reforms"]

[Text] Beijing, 14 Dec (ZHONGGUO XINWEN SHE)—Strong bureaucratic atmosphere, serious administrative tendencies.... These critical terms have made

trade union cadres feel very uneasy and worried. After deep consideration, they have concluded that China's trade unions must undergo reform.

This information is released by a nation-wide trade union conference that has just been inaugurated.

In China, where reform has become the general practice, trade union cadres are also eager to have a try. During the 13th CPC Party Congress held not long ago, newly elected General Secretary Zhao Ziyang clearly pointed out that the relationship between party and administrative organizations and mass organizations should be smoothed so that all of them can carry out their duties independently according to their own characteristics and, at a time when the general interests of the people of the country are safeguarded, can express and safeguard the concrete interests of masses that they are representing. Moreover, trade union reform is an important component of the political structural reform in China.

What caused workers' organizations to alienate themselves from the workers? Authoritative persons consider there to be three reasons for this: As affected by the "leftist" wind, the safeguarding of the concrete interests of staff and workers is regarded as equivalent to "unionism" and "economism." The highly centralized and united political structure has in practice made trade unions become departments of the party committees or administrative departments, and it is very difficult for them to carry out their duties independently and according to their own decisions. The appointment system of trade union cadres has in fact seriously impaired the relationship between trade unions and staff and workers.

Even though the above mentioned phenomena exist and the reform of trade unions is a gigantic project, the chairman of the All-China Federation of Trade Unions, Ni Zhifu [0242 1807 1607], still has great confidence in trade union reform. He gives many facts to illustrate that there is already a good starting point for trade union reform. For instance, trade unions have participated in and discussed government and political affairs at many levels; democratic communication, management, and supervision have been strengthened; and a strong demand for reform by staff and workers has been demonstrated by a survey of 1 million staff and workers, and so forth.

It is reported that the trade union reform program is ready. The core of this program is to smooth the relationship between the unions and the masses. According to Ni Zhifu's interpretation, it is to investigate whether the trade unions can successfully represent the interests of staff and workers and whether or not they are trusted by them.

According to this reform program, union leaders are elected by staff and workers; party and government departments cannot wantonly rescind trade unions or merge them with party and government organizations;

trade union property cannot be taken and trade union funds must be managed by the unions themselves; and not all trade unions at the basic level have to follow the principle of management by local relevant departments adopted by basic level party committees which would put them under the control of the departments of the industry in which they are working. It is reported that after the reform, the CPC will lead the trade unions by political means and the government and administration will become equal cooperating and communication partners of them. Moreover, it is the responsibility of trade unions to work for the interests of staff and workers.

This program will be amended by the 400 participants of this conference. According to reliable persons, this reform program will most probably be ready for the 11th National Congress of the Trade Unions in October next year.

Zhao Ziyang Discusses 1988 Economic Reform
OW190611 Beijing XINHUA Domestic Service
in Chinese 1708 GMT 18 Dec 87

[By reporter He Ping]

[Text] Beijing, 18 Dec (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee, pointed out today that economic reform in 1988 will cover many areas, and emphasis will be placed on further improving and developing enterprises' operating mechanisms.

He stressed that invigorating enterprises is the starting point as well as the goal of deepening economic reform. When this issue is properly handled, he said, we can be quite successful in alleviating contradictions resulting from reform, and create a good environment and favorable conditions for various other reforms, thus pushing all reform projects forward.

This afternoon, Zhao Ziyang; Li Peng, member of the CPC Central Committee Political Bureau Standing Committee, and acting premier; Tian Jiyun, member of the CPC Central Committee Political Bureau, and vice premier; and Li Tieying, member of the CPC Central Committee Political Bureau, and minister in charge of the State Commission for Restructuring the Economic System, had a meeting in the Great Hall of the People with students of the eighth economic reform research class of the Central Party School. They also had a photo session together.

During the meeting, representatives of the students reported their research of issues concerning the restructuring of the economic and political systems.

After hearing their reports, Zhao Ziyang said: Enterprises in the country have great potential. Poor economic performance resulting primarily from egalitarianism and lack of a competitive mechanism are problems shared by these enterprises. The purpose of improving and promoting the contract system is to reinvigorate these

enterprises so they can yield better economic returns, produce better goods, train more proficient personnel, and provide useful experiences. In this way, not only will these enterprises develop, but [the state's] fiscal situation and the market situation will also improve.

Zhao Ziyang noted: The purpose of separating ownership and operating rights in state-owned enterprises is to give them greater operating authority, not greater ownership of assets. Enterprises' status as juridical entities must be protected. Enterprises' operating rights should consist of the right to use, own, and control assets. Some people worry that enterprises will engage in more short-term projects once they have greater authority to make their own decisions. On the contrary, enterprises' short-term activities stem specifically from lack of real operating rights. When enterprises have greater decisionmaking authority, they will work harder to protect public assets and pay greater attention to enterprises' long-term interests. Thus, the fundamental issue lies in giving enterprises real authority to operate. Of course, the state must also exercise control and supervision over enterprises' assets, but the intervention should not be excessive. After enterprises are given real operating rights, they will lease equipment and contract production projects among themselves, and act as each other's shareholders, thereby maximizing the optimum use of all types of production elements.

Zhao Ziyang continued: Introduction of the competitive mechanism into enterprises' contracted operation will trigger a series of changes in their personnel system, workers' state of mind, and personnel training. When our enterprises have successfully handled this matter, they will inevitably influence all other establishments. This impact, coupled with gradual implementation of the personnel system in state organs, will bring about fundamental changes in the nation's personnel system and encourage people to give fuller scope to their proficiency.

Zhao Ziyang said: Our enterprises should use the contract system as a motivating force to improve their management and create the conditions for reforming the wage, labor, and personnel systems.

Zhao Ziyang disclosed that a major step will be made next year in restructuring the foreign trade system. He said: While all trades and professions in the country have significantly changed their habit of eating from the same big pot, the foreign trade departments have yet to do so. The most important requirement in restructuring the foreign trade system is to institute a system under which foreign trade departments must be responsible for their own profits or losses and opening up their operations. Opening up operations, on the other hand, must be based on holding themselves responsible for profits and losses. A contract system governing foreign trade operation shall be instituted at all levels next year. After the system has been instituted, it will be possible for us to improve

the quality of export goods, various localities will pay attention to tapping their strengths and promote lateral ties, and our foreign trade will make new headway.

Zhao Ziyang pointed out: Price reform might take a longer time than anticipated. Since price reform and reforms in other quarters depend on each other, they will proceed gradually and interactively from the surface to deeper levels.

Regarding the steps of reform, Zhao Ziyang stressed that we should follow the approach of "crossing the stream by stepping on the boulders in it," but we should not proceed blindly. He said: The course and the goal set in the blueprints drawn up by the 3d Plenary Session of the 12th CPC Central Committee and the 13th Party Congress are very clear. One guideline is to distinguish truth from facts, proceed from real needs, and not to be restricted by conventions; and the other guideline is to do what is in the interests of the majority of people. Because of these two guidelines, our party can be invincible everywhere. Our confidence in reform is also based on these two guidelines.

Li Peng also addressed the meeting. He emphatically pointed out that after enterprises have instituted various forms of contracted responsibility systems, they should direct their efforts to upgrading their management and technology and improving workers' proficiency, and should not deviate from this course. Only by doing this can they improve their economic performance and competitive capability, he said.

On restructuring central state organs, Li Peng said that attention will be directed to changing their functions so that enterprises can become genuinely independent juridical entities responsible for their profits or losses, rather than merely changing enterprises' affiliations.

The 40 or so students of the research class are leading members of the governments of some provinces, municipalities, and autonomous regions and their commissions for restructuring the economic systems, as well as operators of some large enterprises. Having begun on 1 September, the class will end in January next year.

Li Peng Speaks at Metallurgical Meeting
OW202306 Beijing XINHUA Domestic Service
in Chinese 1459 GMT 18 Dec 87

[By reporter Xu Yaozhong]

[Text] Beijing, 18 Dec (XINHUA)—After hearing a report made by the Ministry of Metallurgical Industry, Acting Premier Li Peng today called on the metallurgical industry to further increase the country's steel output by 3 million metric tons in 1988 on the basis of 55.5 metric tons to be produced this year. He also called on the

metallurgical industry to further improve quality, increase the variety of steel products, and raise economic results so as to make greater contributions to the country.

Responsible comrades who also heard the report included Tian Jiyun, vice premier of the State Council; State Councillors Song Jian and Wang Bingqian; Li Tieying, minister in charge of the State Commission for Restructuring the Economic System; and Lu Dong, minister in charge of the State Economic Commission.

Minister of Metallurgical Industry Qi Yuanjing gave a detailed report on the major changes in the metallurgical industry in the course of reform and opening to the outside world, an initial plan for speeding up the development of the iron and steel industry, and problems which should be studied and solved in developing the metallurgical industry.

When the minister of metallurgical industry reported that steel output could reach more than 55.5 metric tons this year, Li Peng said: In developing the metallurgical industry, we must not only work hard to increase the output of iron and steel, but also attach importance to increasing the variety and improving the quality of iron and steel products in order to satisfy the need of manufacturing machinery products at home. Of course, we don't have to produce everything at home. Since we have already entered the international market, we can import and export some equipment, materials, and parts through the international market and import some items to form a complete project. However, we should gradually achieve the goal of producing all principal materials and equipment at home.

When the minister of metallurgical industry reported the plan for increasing steel output next year, Li Peng said: In recent years, the average increase of steel output has been 3 million metric tons per year. We should increase the steel output by 3 million metric tons in the next year also. The state will not increase the number of mandatory projects for iron and steel production next year. Since various departments all need steel materials, the state can import less if you increase production of steel materials.

When he listened to the report on the implementation of the contract responsibility system at various metallurgical enterprises, Li Peng said: Metallurgical enterprises should work out plans conforming to their real capacities in terms of steel output and construction scale and must not exceed their capacities. At the same time, they should estimate and decide on a reasonable base figure and proportion of retention for each contract and must not follow the example of those enterprises which have a high proportion of retention. Enterprises must not always ask the state to reduce the amount of taxes and profits to be turned over to the state, but should strive to raise their economic results and hand over to the state more taxes and profits.

At the conclusion of the ministry's report, Li Peng made a speech. He first affirmed the significant achievements made by the broad masses of staff members and workers on the metallurgical front in implementing reform and open policy. He then asked the metallurgical industry to advance at a greater pace in implementing reform and open policy next year, deepen reform by implementing and perfecting the contract responsibility system of various forms, and whip up the enthusiasm of staff members and workers of the industry in further developing iron and steel production. He demanded that the industry cooperate with other industries and set up independent enterprise groups in a gradual manner because this will help popularize advanced technology, accumulate funds to renovate old enterprises, and make enterprises more competitive.

Li Peng also stressed the importance of increasing the variety and improving the quality of steel products. He said: In order to increase the variety and improve the quality of steel products, we must rely on capable people, scientific management, and technological progress. There are a lot of things which can be done by the metallurgical industry.

Touching on the strategy for developing the metallurgical industry, Li Peng said: At present, we have already arranged the layout of metallurgical industry in the whole country. In this century, we will not increase many new iron and steel enterprises, so the increase of iron and steel output must mainly depend on tapping the potential of and renovating and expanding the existing enterprises. We should gather funds and also utilize foreign capital for the renovation and expansion of the existing metallurgical enterprises. As for iron ore production, the state-owned and collective mines should join their efforts to increase output with emphasis on state operated mines. China will also import some of the iron ore it needs.

In addition, Li Peng asked various localities to pay attention to the production of gold. He said: It is necessary to encourage the masses to mine gold. At the same time, we we should strengthen management and stop wanton mining and the situation of damaging resources to insure that we can made greater developments in the production of gold.

Commentator on Contracted Responsibility
HK211457 Beijing RENMIN RIBAO in Chinese
12 Dec 87 p 1

[Commentator's article: "Perfecting the Contracted Management Responsibility System in the Course of Practice"]

[Text] To implement different forms of the contracted management responsibility system in different enterprises is one of the important components of the ongoing economic structural reform in the urban areas. Enterprises and departments that have implemented the

contracted management responsibility system have successfully dealt with the question of unifying the powers, responsibilities, and interests of the enterprises. As a result, the enthusiasm of the enterprise operators and the broad masses of workers has been fully developed. These enterprises and departments have been greatly invigorated and have generally increased their economic results. This fact has been acknowledged by all the people. However, because prices of raw and processed materials have risen and the reforms in various other fields have not been completely unfolded, the enterprises and departments now face some new problems. Under such circumstances, some comrades have begun to worry and doubt: Is implementation of the contracted management responsibility system an expedient measure or a long-term policy of our country?

To implement the contracted management responsibility system in the industrial enterprises is not an expedient measure but a long-term policy of our country. Implementation of the contracted management responsibility system in the rural areas has achieved unexpected success. However, is it feasible to introduce the contracted management responsibility system into the urban areas and implement the contracted management responsibility system in our country's modern industrial enterprises? After implementing the contracted management responsibility system in some selected urban areas and modern industrial enterprises on a trial basis and after repeatedly carrying out the relevant comparisons over the past few years, we have finally reached the conclusion that implementation of the contracted management responsibility system in the urban areas and in the modern industrial enterprises is feasible. At present, when the market environment has not yet been formed, implementation of the contracted management responsibility system is a relatively feasible method of enabling the enterprises to assume full responsibility for their own profits and losses. As soon as the enterprises enter the orbit of assuming full (in a relative sense, of course) responsibility for their own profits and losses, the great potential of the enterprises will certainly be brought into full play. Now, nearly all the trades and professions and all types of enterprises, especially the backward enterprises, have great potential; the reason such great potential of these trades, professions, and various types of enterprises has not yet been brought into full play is because they have been suffering from equalitarianism and the practice of "eating from the same big pot"—which means that the enterprises eat from the big pot of the state while the workers eat from the big pot of the enterprises. If the enterprises implement the contracted management responsibility system, they will be given decisionmaking power in their operations and will be able to unify their management power with their management responsibilities. As a result, equalitarianism, which has been practiced over the past several decades, will no longer survive and the practice of eating from the same big pot will be discarded. And in several years' time, all the enterprises will be able to greatly increase their economic results. In the past, Jilin Province was a

poor province. Each year, the state had to allocate hundreds of millions of yuan of state subsidies to Jilin Province. Over the past 5 years, since it has implemented the contracted management responsibility system in its enterprises, Jilin Province has greatly increased its economic results. Now, Jilin Province no longer demands subsidies from the state; instead, it hands over several hundred million yuan to the state each year. This shows that implementation of the contracted management responsibility system is an effective way to greatly increase economic results on a large scale. In our country, forming a new economic structure through the reform and increasing the economic results of the enterprises complement each other. Without the formation of the new economic structure, it would hardly be possible for the enterprises to increase their economic results. On the other hand, if the enterprises could not gradually increase their economic results, we would be unable to form the new economic structure due to the lack of financial strength; nor would we be able to overcome our financial difficulties and carry out the price reform. As a result, establishment of a new market system would become empty talk. Therefore, it can be said that the overall implementation of the contracted management responsibility system is conducive to establishing the new market system, forming the new economic structure, and accelerating the process of putting an end to the coexistence of both the old and new economic structures. As soon as the new economic structure replaces the old economic structure and becomes the dominant economic structure of our country, all the enterprises will have the same external conditions and will compete with each other on an equal footing. It is in the course of such competition that the advanced socialist commodity economy will emerge.

In the course of the implementation of the contracted management responsibility system, to introduce the competition mechanism into the contracted management responsibility system through the selection of contractors on the basis of competition will be conducive to overcoming some of the difficulties that might emerge in the course of implementation of the contracted management responsibility system. That the state contracts the enterprise management power to the enterprises does not mean that the enterprises will be able to successfully carry out their internal management. After implementing the contracted management responsibility system, the enterprises should do everything possible to carry out the economic accountings at the various internal links of the enterprises, carry out the basic work of the enterprises, and carry out the reform of the internal leadership structure of the enterprises, the reform of the employment and personnel systems of the enterprises, and the reform of various other enterprise systems. Only by doing things in this way will the enterprises be able to quickly change their backward faces. After implementing the contracted management responsibility system, more than 200 enterprises in Jilin Province have set up banks within the enterprises and carried out the exchange of equal labor values at various links of the enterprises.

This practice has proved conducive to overcoming equalitarianism and to enabling the various links of the enterprises to increase their economic results. Much such practice has shown that implementation of the contracted management responsibility system has provided motive force and conditions for the enterprises to improve their internal management, adopt advanced management methods, and apply advanced science and technology to their operations.

Implementation of the contracted management system has greatly promoted economic associations among the enterprises, such as contracting enterprises or projects from one another, leasing enterprises to one another, holding shares of one another, transferring assets with payment to one another, and so on. Such economic associations among enterprises are not as simple as the relations based on contracts signed between enterprises. Since such economic associations among enterprises have already touched upon the question of enterprise ownership, they are a new and perfected type of economic association among enterprises. This new and perfected type of economic association among enterprises has fundamentally resolved the long-standing problems caused by barriers between higher and lower levels and between different departments or regions. So, such economic associations among enterprises have great significance. And only when the enterprises are really given the management power will they be able to develop diversified relations with one another.

The premise on which the enterprises implement the contracted management responsibility system is the separation of enterprise ownership from enterprise management power. Implementation of the contracted management responsibility system does not mean reducing the already enlarged decision-making power of the enterprises; nor does it mean reducing the management power of the enterprises. The purpose of separating the ownership of the enterprises from the management power of the enterprises is not to strengthen the ownership of the enterprises but to strengthen the management power of the enterprises and is not to strengthen the ownership of the state assets and restrict or reduce the management power of the enterprises through the strengthening of the ownership of the state assets. The management power of the enterprises not only consists of the power of what to manage and how to manage but also consists of the power to possess, control, and use the assets. The ownership of the enterprises consists of the ownership right only, which is mainly embodied in the relations of distribution and in the distribution of dividends. After implementing the contracted management responsibility system, the enterprises are still the legal entities and the factory directors (enterprise contractors) are still the representatives of the legal entities. It is very important to clearly understand this question; otherwise, we would be liable to overly stress the ownership of the state assets and reduce the enterprise contractors' enthusiasm in carrying out independent management of their enterprises. Such a situation would run counter to our original

intention of separating the ownership of the enterprises from the management power of the enterprises.

We have not implemented the contracted management responsibility system in the industrial enterprises, especially in the modern industrial enterprises, for long. And with regard to implementation of the contracted management responsibility system, the situation in various trades and professions and in various parts of our country is very unbalanced. Because we lack experiences and have not yet formulated a complete set of reform measures, the emergence of various problems and difficulties in the course of implementation of the contracted management responsibility system will certainly be unavoidable. The road of reform is by no means smooth. To carry out reform is just like sailing a boat against the current. If the boat cannot forge ahead, it will be driven back. We will naturally come across difficulties and problems in the course of reform. However, if we did not carry out the reform, we would come across more difficulties and more serious problems. So, only by deepening the reform will we be able to solve the problems and overcome the difficulties in the course of reform. Implementation of the contracted management responsibility system in the industrial enterprises is no exception. It is just as Comrade Zhao Ziyang pointed out in his report to the 13th CPC National Congress: "The various forms of management responsibility system that have so far been implemented, such as the contracted management responsibility system, the leased management system, and so on, are explorations that are beneficial to separating the ownership of the enterprises from the management power of the enterprises and should thus be continuously improved and perfected in the course of practice."

Article Discusses Reform of Cadre System
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11 Dec 87 p 5

[Article by Zhang Wei (1728 0251) and Gu Yunchang (7357 0061 2490): "The Establishment of the State Civil Servant System Is the Focus of Reform of the Cadre Personnel System"]

[Text] The cadre personnel system is an important component part of China's political structure. The 13th Party Congress regarded the reform of the cadre personnel system as an important essence of the political structural reform. It is of great significance to do a good job in this reform in China to form a mechanism in which all categories of qualified people may show their talents, to guarantee the vitality and efficiency of party and state organs, to meet the pressing needs for qualified people in socialist modernization, and to fulfill the grand target of national reinvigoration.

The embryonic form of China's existing cadre personnel system took shape in the years of the revolutionary wars. The system scouted, brought up, and selected thousands of excellent cadres, and laid the groundwork for the

victory of the Chinese revolution. With the changes in the situation, tasks, and social environment over the past three decades and more, however, some major shortcomings in China's existing cadre personnel system have gradually come to light. The report to the 13th Party Congress made these shortcomings clear: "The concept of the 'state cadre' is too general and lacks a scientific classification; the power of cadre management is over-concentrated and the people who handle personnel affairs lack professional knowledge; the methods are outdated and simplistic and have hindered the intellectual growth of talented people; the management system is flawed and there are no laws governing the way personnel are used. As a result, we have for a long time been faced with two major problems: First, it is difficult for promising young people to fully display their talents; and second, it is difficult to avoid malpractices in the use of people." With the deepening of the economic structural reform and the development of various undertakings in China in recent years, these shortcomings have become all the more conspicuous.

The report to the 13th Party Congress made explicit stipulations on the reform of the cadre personnel system. The report pointed out: "To reform the cadre personnel system, we must alter the single category of 'state cadres' and convert the current unified central management into a scientific system of management by establishing a number of categories. We must abandon the current practice of managing all personnel according to the same single pattern applied to party and government cadres and institute different management systems for different categories. We must also change the present personnel system, which is not governed by legislation or democratic means, into a system governed by law and supervised by the general public."

The scientific classification of existing "state cadres" is the prerequisite for the reform of the cadre personnel system. The establishment of different management systems, each with their own characteristics, is the core of the reform of the cadre personnel system. The current single management method has confused the characteristics of two categories of personnel, namely, those who perform public service on behalf of the state and those who are engaged in general social professions, while it is impossible to propose public service discipline and to set higher requirements on the former, nor is it possible for the latter to develop themselves according to their own specific characteristics. At the same time, such an all-inclusive management method has intensified the sense of "official standard" [guan ben wei 1351 2609 0143] of the whole society, with all professions linked with government posts and grades and the formation of a situation in which everyone wants to become some kind of an "official." The alteration of this a management method, while setting up a personnel management system suitable to different professional characteristics, will bring vigorous vitality to the society.

We should see that the tasks in the reform of the cadre personnel system are extremely heavy, and it is impossible to deal with all these problems at the same time. This, it is necessary to grasp some focuses in the entire reform of the cadre personnel system. Regarding the present conditions, it is comparatively favorable to give priority to the reform of the personnel system in administrative organs. When a good job is done in the administrative system, which boasts more than 4 million civil servants, with a whole range of standards set up, a great exemplary role will affect the reform of the personnel system in other fields. Therefore, the report to the 13th Party Congress pointed out: "The emphasis of the current reform of the cadre personnel system is on establishing a the public service system."

By civil servant system we mean scientific management of those government personnel exercising state administrative power and performing public services; such a system has been adopted by many nations. The practices of some nations have shown that such a system plays an important role in selecting excellent talented people, improving government efficiency, and maintaining political power and even the stability of the entire society. As good results in the history of human administration, such a system, along with a representative government, an electoral system, and a modern judicial system, are applicable to socialism as administrative means. We should proceed from China's national conditions, while absorbing some foreign practices, to form a state civil servant system with Chinese characteristics.

The establishment of a state civil servant system must be based on realities. Such a system is necessary for the development of the socialist cause; besides, the conditions for it are basically ripe. The chief signs are:

—The work focus of the state has undergone basic changes, the operational mechanism of the state apparatus has begun to change from meeting the needs of class struggles to meeting the needs of socialist construction. A nation pursuing the four modernizations with one heart and one soul needs a contingent of state civil servants corresponding to such a pursuit.

—The ever-deepening of the economic structural reform and the unfolding of the political structural reform have made the establishment of the state civil servant system an organic component part of the reform as a whole. The implementation of a series of measures, such as the separation of the party from the government, the separation of government from enterprises, and organic reform, will create indispensable conditions for the establishment of this system.

—The structure of workers in state organs has undergone great changes; its major aspect has changed from the professional revolutionaries who joined the revolutionary ranks prior to the founding of the PRC to the intellectuals brought up after the founding of the PRC.

The more than 10 million intellectuals have provided a rich resource of qualified people for the implementation of the state civil servant system.

—Reform of the personnel system has already started. At the same time, helpful exploration in concepts, methods, procedures, and technical measures have been made and valuable experiences accumulated for setting up the state civil servant system. This has, to some extent, mentally prepared the general public for the establishment of this system.

It is a long-term arduous task to build a complete state civil servant system. It took almost a century for modern developed nations to achieve it, and the shortest span was between 3 and 4 decades. We must be mentally prepared for long-term efforts, and strive to complete this arduous project step by step and in a planned way within a shorter period.

"State civil servants" refers to the personnel exercising state administrative power and performing public services in the government. State civil servants fall into two major categories, those handling political affairs and those doing professional work: Civil servants in the political affairs category, whose tenure in office will be for a specified period of time, must be managed strictly in accordance with the relevant provisions of the Constitution and the organic law. Civil servants in the professional work category, whose tenure in office is to be permanent, will also be managed in accordance with the law governing civil servants.

Civil servants in the first category take up tasks requiring greater responsibilities and involving decisionmaking on major issues. They should possess good political qualities, leadership abilities, and extensive ties with the masses. Therefore, they must be recommended to the People's Congress by the party in power in accordance with legal procedures. The report to the 13th Party Congress explicitly pointed out: "The party Central Committee and local party committees at various levels will recommend candidates in the political affairs category at the corresponding levels to the national or local people's congresses, following legal procedures, and will supervise and manage those public servants in this category who are party members." At the same time, the birth of civil servants in the political affairs category must generally go through the election or decision of people's congresses of various levels.

Civil servants performing professional work take up the greater portion of the management of administrative affairs, and they must possess a comparatively rational knowledge of structure and an ability for administration. Therefore, they take competitive examinations, with only the best candidates to be employed, while those appointed must go through strict training in administration.

The classification of state civil servants into those handling political affairs and those performing professional work is of important significance to both improving and strengthening party leadership and improving the government's administrative standards and work efficiency:

First, it is favorable to the unification between party leadership and administration in accordance with the law. Recommending fine communists to take up important government leadership posts is an important ingredient for the party to implement political leadership in state affairs. The classification of civil servants handling political affairs helps to clarify the realm of important leading posts as well as the legal category suitable to managing them, while a whole range of standard operating procedures for recommendations will be established to ensure party leadership in personnel work. The classification of civil servants performing professional work helps to clarify the realm of personnel management of the government; they will be managed by the government through the law, and the form of direct management by the party in the past will be changed.

Second, it is favorable to the unification between democracy and efficiency. Civil servants in the political affairs category, whose tenure in office will be for a specified period of time, are to be elected and decided upon by the People's Congress and to come under wide social supervision. This embodies the democratic principle. The appointment of civil servants performing professional work is to be decided by competitive examination. Civil servants in this category should have sound professional qualities. In addition to the implementation of the system of overall leadership by institution directors, the efficiency of government administration can be also improved.

In addition, it is also favorable to the unification between development and stability. Civil servants in the political affairs category, whose tenure in office will be for a specified period, are to resign from their posts when their term in office is up, and the People's Congress will hold an election or determine a consecutive reappointment. Generally, one should not remain in the same post for a third term in office. This change is favorable to the replacement of the old with the new, and is objectively capable of promoting the development of democratic politics. Permanent appointment is implemented for civil servants performing professional work, and they should not be removed from office unless they have committed serious mistakes, thus guaranteeing the continuity and stability of government operation.

Because civil servants in the political affairs category are managed in accordance with the relevant provisions of the Constitution and the organic law, while civil servants performing professional work are managed in accordance with the state civil servant law, the concept of state civil servants generally refers to the category of civil

servants performing professional work. Regarding the management system of state civil servants performing professional work, it chiefly includes the following essential factors:

1. The practice of public examination with the best candidates employed. Those failing to sit for such an examination may not be admitted to the contingent of civil servants doing professional work. In public examinations, the principle of opening to the public, equality, and competition is to be implemented. The examinations are open to all people meeting the qualifications to sit for such examinations, and they will be employed based on the results of the examination. The contents of the examination will be designed according to the needs of the practical work of the civil servants, which chiefly includes politics, economics, the law, and administration, and specific items will be added for those civil servants needed specific requirements. The methods of examination may be varied. Apart from testing the theoretical knowledge of the applicants, their abilities for the work concerned should also be tested. These examinations should generally be organized by the state in a unified way.

2. Analysis of relevant posts and formulating explicit norms of responsibilities. This is to stipulate the responsibilities, relations of power, educational background, professional requirements, classification of categories to which the posts belong, and the requirements on specialities and experience in accordance with the needs of the specific posts of civil servants. A whole range of norms for on-the-job responsibilities should be set up on a scientific basis. It is necessary to form a civil servant structure with clear-cut tiers and responsibilities to provide a practical foundation for such links as employment, assessment, promotion, award, punishment, training, and wages.

3. Work assessment, promotion, award, and punishment on the basis of actual work results. The promotion of state civil servants must be submitted to strict conditions and undergo legal procedures. Special attention should be paid to actual work results in promotion; when necessary, the procedures of examination for promotion should be taken. Special procedures should be adopted for those to be promoted with exception or more than one grade at a time. The assessment of state civil servants should be conducted regularly according to the law by the leadership of responsible administrative departments.

4. Scientific training. To ensure the qualities of state civil servants, it is necessary to regard training as the necessary condition for their appointment and promotion. Training should include that prior to appointment, on-the-job training, and for the purpose of promotion. It must be linked to the improvement of abilities.

5. Wages, welfare, retirement, and legal protection. To absorb excellent qualified people into the contingent of state civil servants and to maintain its relative stability, salaries for state civil servants should correspond to their responsibilities and roles and be linked to their accomplishments. Their salaries, welfare, and overall treatment should be legally protected, while their behavior should come under legal supervision.

According to the report to the 13th Party Congress, to set up the state civil servant system, it is necessary to take a firm grasp of the following work:

To formulate regulations on state civil servants and corresponding measures to form a complete set. This is to set up the state civil servant system with the guarantee of the legal system. The state civil servant regulations should include the criteria for all respects, including their realm, rights, obligations, examination, employment, work assessment, reward and punishment, appointment and removal from office, training, salaries, and welfare.

The establishment and organization of a state civil servant managerial organ. This organ is to come under the jurisdiction of the State Council. Its responsibilities include: To study and draft the decrees for state civil servants and to formulate relevant policies; to be responsible for the investigation of government posts and the analysis of their responsibilities; to organize examinations for civil servants on the professional work category; to draw up plans for training state civil servants; and to directly manage senior civil servants at certain levels under the leadership of the State Council.

To make preparations for the founding of the state administrative college and to form a training network for the state civil servants.

The reform of the cadre personnel system is indispensable to the improvement of vitality, efficiency, and initiatives. We must attach great importance to the founding of the state civil servant system, which is the focus of the reform of the cadre personnel system.

Article on Rural Economic Changes, Part 6
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[Article by staff reporters Ling Zhijun (0703 1807 6511) and Chen Jian (7115 0256): "Transition From a Single Mode to Diversification—General Trend of Economic Changes in China's Countryside (sixth and last part)"]

[Text] In January 1987, China's countryside was waiting for a new "Document No 1" of the CPC Central Committee. Each 1 January for the last 5 years, the CPC Central Committee issued a "Document No 1" concerning major reforms in the rural areas. Although such a

central document was 22 days late this year and it turned out to be "No 5," it still caused strong repercussions among the people in the rural areas.

Different people understood the gist of the document from different angles and gave different explanations on it. Some people asserted that "cooperatives will be phased out and individual commercial households will be phased out"; some people remarked that "private enterprises have been recognized by people in and outside the party"; some people claimed that "reforms have gone beyond the limit"; and some people predicted that "reforms will be speeded up"... However, sharp-minded socioeconomists pointed out that the party document has formally affirmed the position of private enterprises and that this is rare in the history of the CPC.

Why were there different responses to the same document?

Unlike the peasants in the people's commune era, who were all "commune members," today's peasants are economic people. Different economic activities and different mental reactions represent different economic waves in the rural areas, and these different economic waves are bringing about profound changes in traditional concepts in the rural areas.

These Waves Are Leading to a Completely New Pattern of Diversification [subhead]

The period from the late 1950's to the late 1970's was a period of "pure" historical development in China's rural areas.

Due to ideals, ignorance, historical reasons, and all other reasons that could and could not be explained, a "communist commune" mode that could be found only in books was placed in front of the Chinese peasants. The largest number of peasants with the most complicated nature in the world were confined to one single-product economic form; grain had to be taken as the key link in agricultural production regardless of natural conditions; and all peasants, male and female, old and young, had to engage in unified labor.

Today, the "unified" economic pattern in China's rural areas is being swept away by the mighty waves of diversification.

The peasants have provided us with the first proof of diversification. Today's Chinese peasants are playing different roles in society and have gone in for almost all trades and undertakings related to the urban and rural economies. Apart from displaying their talents in agriculture, forestry, animal husbandry, sideline production, and fisheries, they are also active in producing some ten thousand types of products ranging from buttons to machine tools and from soy to petroleum. In southern Jiangsu, the reporters saw a peasant-run electronic computer factory whose products are components for a

missile launching system. In Nanlong Township, Linxia City, Gansu Province, they discovered that about half of the peasants were engaged in three types of undertakings and that one fourth of them went in for at least four types of undertakings.

However, there is still diversification of a more complex nature—different degrees of development in different regions.

There are modern farms where combines are roaring as well as mountainous villages where slash-and-burn cultivation is still in the vogue; there are commodity bases that have a share in the world market as well as poor and remote regions where food is inadequate. In the past, the commune-type economy was used to narrow the gap between these, but to little avail. Today, different rural areas have different development levels. Apart from "southern Jiangsu" and "Wenzhou," which appeared long ago as examples for others to learn from, there are now more examples, such as "Zhujiang" in the south, "Langfang" in the north, "Gengche" in the east, "Tianshui" in the west, and "Fuyang" in the central part of the country. Within several years, the experiences of some 20 localities in the rural areas have been published in newspapers and magazines throughout the country.

In the past, people in the rural areas liked to talk about "being large in size and public in nature." Now what is on everyone's lips is "propelling four wheels forward" (that is, the collective at the town or township level, the collective at the production brigade or village level, the collective at the production team or village group level, and individual peasant households share their common efforts in economic development; in addition, some peasants like to talk about propelling "five wheels" or even "six wheels," with the participation of integrated economic bodies or other economic organizations). This indicates that the waves of diversification are bringing about great changes in the forms of ownership. The reporters have been to Shanxi, Hebei, Shandong, Liaoning, Jiangsu, Guangdong, Sichuan, Shaanxi, and Gansu Provinces this year. In all the localities they visited, they saw competition between different economic sectors, and the competition between economic sectors under nonpublic ownership made a deep impression on them.

In addition, the principle concerning the distribution of income is being reformed; labor, skills, funds, and information are taken into account in the distribution of income. The form of distributing resources is undergoing a change; the state, the collective, and the individual are allowed to exploit resources by appropriate means. Diversification is displaying its astonishing strength in the rural economy!

A Harmonious World: There Are No Unpassable Limits Between Different Economic Sectors [subhead]

People who concern themselves with development in China's rural areas are facing two questions:

—Why is it that a high, sustained development rate has miraculously appeared in China's rural areas, with an increase of 170 % in the gross rural social output value over the last 8 years, which is not only higher than China's average rural development rate for the last 30 years but also higher than the world's average agricultural development rate for the corresponding period?

—Why is it that in the course of economic modernization, the proportion of the rural economy in almost every country in the rest of the world has declined but that the proportion of China's gross rural social output value to its national economy has increased from 30 to 39 % over the last 8 years?

The high, sustained development rate of the rural economy and the rapid expansion of its scale have resulted from the large-scale development of different economic sectors. In 1986, rural collective undertakings netted an income of 237.9 billion yuan, whereas the income of peasant households and economic integrated bodies totaled 450 billion yuan.

In the past, many people thought that economic sectors under nonpublic ownership contradicted economic sectors under public ownership. Practice over the last few years has shown that there are no unpassable limits to different economic sectors and that they can coexist and thrive together.

The gap between different economic sectors is narrowing. Different types of combinations are emerging between individual economic sectors, between collective and individual economic sectors, and between state, collective, and individual economic sectors. The development of this combination is so fast that even economists find it difficult to judge its nature. Some people call such combinations a "merged economy," whereas others call it a "mixed economy," but the peasants call it a form of "integrated body." In 1986, there were 470,000 economic integrated bodies in the rural areas throughout the country. Their fixed assets, total income, and labor productivity increased by 20 % over the previous year.

Although today people can still see the contradictions between different economic sectors, the coexistence and merging of these economic sectors are advantageous to the development of the social productive forces, and the following four advantages have been recognized by many people: They have enabled surplus rural laborers, funds, and idle technology to circulate and combine as well as to form new productivity; they have brought about a large increase in the development rate of the rural economy and in the proportion of the rural economy to the national economy; they have given new competitors and counterparts to the "rigid" planned urban economy; and they have enabled talented people to serve the rural areas. In places where a commodity economy is invigorated, there are diverse economic sectors and the characteristics of the combinations are prominent.

Wenzhou is well-known for its private enterprises. But a survey last February indicated this new trend: "Pure" individual enterprises, private enterprises, and collective enterprises account for a little over 10 %, respectively, whereas economic organizations composed of different economic sectors account for 50 % and more. The experts who conducted the survey pointed out: "The economic pattern of Wenzhou is of a multitype economic nature characterized by the coexistence of different operational forms. Under this pattern, the 'four wheels are rolling forward' and 'everyone is displaying his prowess.'" Of the 6,000 township and town enterprises in Jinjiang, Fujian Province, 70 % are run by pooling funds. Agroeconomist Luo Hanxian called this the "combination of labor and capital," that is, "laborers use their own capital and combine with other laborers."

People have discovered that in terms of economic composition, "public" and "private" are no longer incompatible with each other; unlike in the past, they can now be merged.

A New Point of Departure: The Theory on the Initial Stage of Socialism Is the Key to Diversification [sub-head]

When the economic reform entered its ninth year, the rural areas were still puzzled by these questions: Will the policy change? Will economic reform slow down? Will the peasants fall into two opposing extremes? Are they heading for capitalism?... Many peasants were hesitating. But today the theory on the initial stage of socialism has enlightened them: Economic diversification in the rural areas is the actual meaning of the economy of the initial stage of socialism.

Some comrades in economic circles pointed out that if a statement had been appropriately made in the 1950's on the extension of the initial stage of socialism, instead of declaring that the country would "enter communism on the double," no large-scale setbacks would have occurred in China's rural areas.

However, history left a very short period to the "initial stage." By the end of 1956, elementary cooperatives, which were just 1 year old, became advanced cooperatives all of a sudden. Two years after this, advanced cooperatives turned into people's communes. The various forms of ownership in the early 1950's merged into one "extremely pure" form of public ownership amid the sound of firecrackers.

None of the people, including the peasants, was skeptical about the good intentions of the designers of the "advanced stage of socialism": They wanted to eliminate class differences and bring about prosperous, modern, and paradise-type communism... But why did these good intentions lead China's rural areas to the bottom of the ravine? In 1960, the total grain output, per mu grain

output, and gross agricultural output value of the country dropped by over 20 %, compared to the period before the "advanced stage of socialism," whereas their absolute value was even lower than that in 1951.

In the past people attributed these setbacks to external causes, but now many people are exploring the factors caused by man which led to such setbacks. People in economic and theoretical circles are airing their different views on this issue.

Now people have finally found a more profound reason—the immaturity of the theory on socialist economic construction.

Today we have finally reached a new point of departure. Negative remarks on economic diversification for the last 20 years and debates over this diversification for the last 9 years will be assessed from a new angle.

This is merely the beginning, because different economic sectors in the rural areas have not developed into maturity, a large number of regions in the country have not blazed new trails of development, people in many rural areas still work with crude equipment in simple workshops, and many peasants still have nothing to do...

Obviously, economic diversification is far from well developed. As an important economic characteristic, it will exist throughout the initial stage of socialism.

Sharp-minded observers are using the world economy as a background to observe economic diversification in China, because today's world economy has entered the era of diversification. Socialist countries in the rest of the world are also adjusting their targets, and many developing countries are introducing diversified operational and management methods as well as different forms of ownership to state-run enterprises.

Experts who have a good knowledge of the situation in China have pointed out that economic diversification in China's rural areas will face many contradictions: The old structure is still deeply rooted, the new mechanism is not perfect, control over the market is tight one moment and loose the next, the law on private enterprises has not been promulgated, the "tendency toward public ownership" is still strong, rural cadres and people are still unfamiliar with the new pattern of economic diversification and theories on economic diversification are lacking, macroeconomic management is being explored, and the mentality of "being overanxious for purity" is very obstinate and from time to time encourages the return of "unified control."

Therefore, some people have predicted that the "seesaw battle" between diversification and "unified control" will be protracted. But it is inevitable that diversification

will develop and "unified control" will gradually disappear. This is conducive to the development of the productive forces and conforms to the national conditions and what the people think. Diversification will prevail on our land today.

Higher Pig Prices To Boost Pork Industry
*OW211355 Beijing XINHUA in English 1315 GMT
21 Dec 87*

[Text] Beijing, December 21 (XINHUA)—China will take further measures to raise the purchase price for pigs in an effort to reverse a decline in the pork industry.

Speaking at a news conference here, Agriculture, Animal Husbandry and Fisheries Vice-Minister Liu Jiang said that the general situation in animal husbandry this year has been good.

According to a tentative estimate, the total output value for the year in this sector reached 61.1 billion yuan (about 12.2 billion U.S. dollars), a three percent rise over last year's figure.

This year has also seen an increase in beef, mutton, eggs and dairy products over last year. The number of cattle increased by 1.8 percent compared to 1986, while the number of sheep in stock reached 170 million.

The country had a total of two billion head of poultry, of which the number of chickens increased by 25 percent this year over last, he said.

But Liu pointed out that because of the decline in pork supply, the total production of meat fell by 0.9 percent in comparison with last year.

Liu explained that the 25-million-ton reduction in grain output in 1985 had caused prices of fodder to rise and farmers' incomes to fall. Besides, pork prices fell lower than those of poultry.

Liu added that the country's limited investment in animal husbandry, low technical level and high consumption in recent years also attributed to the fall in pork production.

He said that the above problems have received attention from the central government, which are taking measures to reverse the decline in pork production.

He said that the country will first raise the purchase price for pigs and the 1.55 million tons of fodder grain to help pig production.

At present, the fodder grain should be first used in such key provinces and municipalities as Sichuan, Shandong, Beijing, Tianjin, Shanghai and other five major pig raising provinces.

In addition, Liu said, development of lean-meat pig production bases should be quickened in the northern, eastern, southwestern and central parts of China.

He stressed that the old small-scale method of pig-raising should be changed to large-scale raising.

He also said that priority in this regard should be given to Beijing, Tianjin and Shanghai, where small- and medium-sized pig farms should be set up to encourage the local farmers to promote pork production.

He said he expected that after three years or so of effort, the three cities would be able to supply 70 percent of the pork they need by themselves.

Article On Investment Management
*HK211035 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 48, 30 Nov 87, pp 5-7*

[Article by Gao Qinglin (7559 1987 2651): "Huang Yicheng (7806 3015 6134), Vice Minister in Charge of State Planning Commission Talks About Major Moves in Reforming the Investment Management Structure Next Year"]

[Text] At present, the scale of China's annual state planned investment in fixed assets is 100 billion yuan. However, the present investment management structure has many drawbacks. Investment management structure reform has been stipulated in the documents from the 13th Party Congress. Recently this reporter interviewed Huang Yicheng, vice minister in charge of the State Planning Commission. He was asked his opinions on the problems in investment management structure reform which should mainly be dealt with next year.

The Reform Will Be Implemented Next Year and Completed in 3 Years [subhead]

Huang Yicheng is 61 years old. He long held the offices of chief engineer and factory director in large enterprises in northeast China and Beijing since returning from the USSR in 1954 on completion of his studies there. He was transferred to the State Planning Commission in 1979. Huang Yicheng said that exploratory investment management structure reform has been implemented for several years and has centered on opening up more channels for raising funds; implementing the system of compensatory payments for the use of investment funds; simplifying procedures and decentralizing the power to evaluate and approve investment projects; and implementing the tenders system and the contracted responsibility system. Such exploratory reform has achieved a certain degree of success. However on an overall basis, some fundamental problems in investment management structure have still not been solved.

First this situation is manifested in the macroeconomic management aspect in that a regulatory and control structure has not yet been established to cope with the

new situation of diversification in investment channels. At present, outside-budget investments and bank loans constitute a large proportion of the entire investment structure. However, we lack an effective regulatory and control system and an effective guiding policy to supervise the construction scale and the direction of outside-budget investments. As a result the phenomena of investing blindly in unnecessary projects, duplicated construction, and over-investment are very serious. Second, the situation in which the Central Government has engaged in too many key construction projects has not yet been improved. Under such circumstances, the investments handled by the Central Government are not consistent with the duties of the key construction projects that it has to shoulder, and the source of funds is not very steady. Moreover, as a substantial portion of the extrabudget investments and local area investment projects financed by bank loans place too much emphasis on short-term benefit, and have carried out a great number of construction projects for general processing and non-production industries, the problems of shortages in energy and raw material supplies, and insufficient transport capacity, have not been solved.

This situation is also manifested in investment arrangements where investment funds are still distributed according to administrative subordinating relationships. The phenomena whereby units making investment decisions do not have to shoulder investment risks; enterprises are not held responsible for funds used; and enterprises compete among themselves for investment projects and spend money generously on the projects without considering how much benefit they will bring, are very common. Moreover, the legislation governing the planning and construction of projects is imperfect, and the management and supervision of these activities are weak. The tenders system has been adopted although competitive conditions for its implementation have not yet been formed. Furthermore, the phenomena of everyone eating from the same big pot, and incurring losses and waste, are very serious. Therefore from next year until 1990, a series of important investment management structure reforms will be implemented to fundamentally solve these problems. Huang Yicheng said that the National Planning Conference held some time ago had given opinions on eight aspects of the reform. The most important three points are: A capital construction fund system should be established; state professional investment companies should be organized and established; and a tender systems should be adopted.

A Capital Construction Fund System Should Be Established To Guarantee Steady Sources of Funds [subhead]

According to Huang Yicheng China's present capital construction investment is decided and fixed on an annual basis. When the financial situation allows more investment will be planned. Otherwise, less investment will be planned. This method consumes much planning and finance department energy in arranging investment plans. More importantly, this method is inconsistent

with the law of capital construction. Investments in basic industries and facilities, and some important social development projects, will require longer construction periods and larger amounts of investment funds. The amount of these investments should be fixed at one time and the funds required should be supplied steadily in several equal installments. If investment funds are not supplied in a steady way, and the amount of funds varied from year to year, construction cannot be organized according to the investment projects reasonable construction period, and the investment returns cannot be increased. Unsteady investment will also affect construction-related production enterprises. When there is increased investment they have to rush for the projects; and when there is less investment they will not have enough work to do. As a result a balanced production schedule cannot be maintained. Therefore it is imperative to establish a capital construction fund system.

As explained by Huang Yicheng the basic thinking behind the capital construction fund system to be established next year, is to assign state budgetary construction revenue as a fixed channel of funds that will constitute a capital construction fund. Such revenue will be separated from other financial revenue and expenses, and will be exclusively for capital construction. The central capital construction fund is planned to have the following elements: The portion of collected key construction funds from energy and transportation projects used by the Central Government; the portion of collected construction tax used by the Central Government; the portion of Ministry of Railways contracted income used in budgetary capital constructions; the principal and interest collected from budgetary investments that are now funded by loans rather than by financial allocations; and fixed financial allocations. The fund is divided into two basic parts—operational and non-operational. The operational part will be used mainly in key construction projects built before 1990, and the non-operational part will be used in construction projects for units without economic income. When the fund is established, construction projects should be arranged strictly in accordance with the availability of funds. Moreover the amount of investment should be confirmed once only according to reasonable construction period, and the funds needed should be supplied steadily in annual installments.

Huang Yicheng said that the capital construction fund system has the following advantages: It guarantees a steady source of funds for capital constructions; it ensures that the various links in investment activities know the availability of funds in advance; it facilitates implementing the contracted investment responsibility system and organizing construction on the basis of a reasonable construction period; and it is advantageous in increasing the returns on funds. When key constructions have a steady source of funds the entire economy can achieve steady growth and state revenue will continuously increase. Establishment of the capital construction

fund system can also strengthen the restraining capability in various aspects, and the construction scale will be planned according to the availability of funds. Furthermore, it is also advantageous in controlling investment demand and consumption expenditure expansion. As the amount of funds is limited it is not possible for leading cadres to spend money on unnecessary items.

Huang Yicheng commented that this method also has risks. For instance inflation, and exchange rate fluctuations, will cause devaluation of the fund. Moreover under the situation that prices have not yet been adjusted, investment in the facilities and industries that have small profit margins, or even those which have incurred losses, cannot be recalled. Therefore the key question future is how to maintain and increase the value of the fund.

Professional Investment Companies Should Be Organized and Established; and the Contracted Investment Responsibility and Contracted Responsibility System for Investment Projects Should Be Established [subhead]

As explained by Huang Yicheng, the second important move in investment structure reform next year is to organize and establish state professional investment companies to improve the previous phenomena whereby investment funds were allocated on a departmental basis; authority, responsibility, and profit were seriously divorced from each other; and units that made investment decisions were not held responsible for the results. This move is to manage investment projects by economic methods and to establish a contracted responsibility system with different administrative levels. The National Planning Conference initially decided to set up six state professional investment companies. These are: energy, raw materials, transportation, agriculture, and manufacturing industry (mechanical and electrical industries, light industry and textile industry) investment companies. These five investment companies will be responsible for managing operational investment projects. The other investment company is a state social development investment company responsible for non-operational investment projects. These six companies will be managed by the State Planning Commission on a representative basis, and all of them are economic entities having legal entity status. They will have the nature of an enterprise and adopt the system of overall leadership by a general manager.

Based on the principles of linking output to input these six investment companies will sign contracts with the state, and contract from the state responsibility for key construction projects. The system of compensatory payments for the use of funds will be adopted in all operational investment projects that bring economic returns. In the future a management committee will be set up to manage investment projects handled by the Central Government, while a board of directors will be established to manage projects jointly invested by Central Government, local governments, or other parties. The

management committee or the board of directors will contract investment projects to investment companies, and the investment, construction period as well as the benefit will be contracted. Moreover, the committee or the board will be responsible for early stage work in the projects, inviting tender for construction projects, supervising the carrying out of projects, managing production and operation, and repaying loans. In such a way the decision-making departments, investment companies, and construction units concerned have to execute the projects cautiously. They have to minimize construction costs and offset the effects of price increases by themselves.

The important duties of an investment company are to: contract key construction responsibilities from the Central Government; be responsible for inviting tenders and supervising evaluation of tenders made for construction projects; and using its own funds to arrange coordinated construction projects according to its judgment. It can also contract projects that are related to its undertaking or subscribe shares from local enterprises. Apart from all this it has to: recall investment principals and interest on time; collect the amount of products, profit, and foreign exchange stipulated in contracts; and supply important materials required by key production construction projects to the state. The Petrochemical Company and the Nonferrous Metal Company, are two economic entities directly contracted key construction projects from the State Raw Material Investment Company. On the basis of this line of thinking, provinces, autonomous regions, municipalities, and planned individual cities from now on should also set up local construction investment companies.

After implementing the capital construction fund system and establishing investment companies, the People's Construction Bank of China will undertake the functions of an investment development bank. It will adopt the management by board of directors system. The board of directors will be formed by the persons in charge of the State Planning Commission, the Ministry of Finance and the Bank of China.

As revealed by Huang Yicheng, State Council recently officially approved and decided to set up energy, raw material, transportation, and agricultural investment companies. When these four companies have been established, the functions of various ministries under the State Council will be changed. They will be liberated from previous specific tasks such as distributing funds and materials, and will concentrate their energy on planning various industries in a better way, guiding investment orientation, participating in plan formulation, and inspecting and coordinating investment plan implementation. Local planning commissions will be responsible for drafting investment plans that are within their scope, evaluating and approving local construction projects that are below the investment quota, coordinating investment activities in the areas they are responsible for, and guiding investments by collective units and individuals.

A Tenders System Should Be Adopted so that the Market Competitive Mechanism Can Be Brought into Play [sub-head]

Over the past few years the tenders system has been adopted for choosing construction projects, selecting construction plans, purchasing equipment, and selecting contractors. Having been implemented to a certain extent this system has achieved good effects in increasing investment returns. For instance, significant results have been achieved by inviting international tenders for the construction of hydroelectric power stations. Since the tenders system was adopted to choose contractors for three principal parts of the Manwan Hydroelectric Power Station construction and the construction of a 700 meter diversion tunnel for Lijiaxia Hydroelectric Power Station, nearly 100 million yuan has been saved, and the tender-contracted amounts were 15 and 35 % less respectively than the floor prices of these two projects. By adopting the tenders system the 3 large sodium carbonate factories in Lianyungang, Shouguang, and Nanbao used a total investment of about 37 million yuan less than the original budget, and very significant results have been achieved. Experiments prove that the system of selecting contractors through tender can shorten the construction period, lower construction costs, and save investment. It can also improve the quality of construction project design.

Huang Yicheng disclosed that the tender systems will be carried out on an all-round basis next year so that the market and competition mechanisms can play a role in carrying out construction projects. The tenders system includes two levels. One way is to invite tenders for investment projects. In principle, new projects not related to specified areas and not subject to resource restrictions, should adopt the tenders system to choose the best construction sites and the units to take charge of these projects. The other way is to invite tenders for construction. This includes inviting tenders for the design, execution, and supplying equipment for construction projects. The principle here is to choose the best contractors through tenders. The first level of tenders is mainly the responsibility of professional investment companies. They invite tenders for investment projects on behalf of the state. Competition will occur among local investment companies and some enterprise groups. At the latter level only qualified design and construction units, and qualified enterprises or enterprise groups, will be invited to bid. In order to prevent the tenders system from becoming a mere formality, departmental and area bounds should be broken up so that design and construction units can gradually become enterprises that can make their own operation and management decisions, and be responsible for profits and losses. Moreover, specific regulations regarding this system should be stipulated, and inspection and supervision of it should be strengthened, to ensure that tenders activities conform to law.

Huang Yicheng also said that starting next year, important long-term constructions will be managed by several

levels, and more responsibility for carrying out key constructions will be assigned to local areas. The general principle is that key construction projects that concern the whole country will be run by the Central Government, and local areas will be responsible for regional key construction projects and general construction projects. In other words the system of managing, coordinating, and regulating by two levels—the central government and the state—will be adopted.

Apart from this the investment decision-making power of enterprises will be expanded so that enterprises will become general construction investment main bodies. Moreover, the enterprise depreciation fund will be retained and controlled by the enterprises.

Economist on 'Dogmatic, Ossified Patterns'
HK200851 Beijing RENMIN RIBAO in Chinese
7 Dec 87 p 5

[Article by Xue Muqiao (564) 2550 2890]: "Do Away With Dogmatic and Ossified Patterns"]

[Text] The 13th CPC National Congress put forward the theory of the initial stage of socialism in China. This is a development of the theory of scientific socialism, and is of great historical significance. While studying and implementing the spirit of the 13th CPC National Congress, and understanding the theory of the initial stage of socialism, we should pay particular attention to further doing away with dogmatic and ossified patterns in order to carry forward the Marxist spirit of creativity.

The Theory of the Initial Stage of Socialism Has Enriched the Theoretical Treasure House of Scientific Socialism [subhead]

For many years, we have always admitted that the socialist system in China was built on an underdeveloped and semifeudal foundation, and that this kind of socialism is not at all perfect or mature. However, our understanding of the problem was not deep in the past. After the 3d Plenary Session of the 11th CPC Central Committee, the term initial stage of socialism was mentioned in some party documents. Due to lack of analysis, this problem failed to attract the wide attention of public opinion either at home or abroad. In Comrade Zhao Ziyang's report "Advance Along the Road of Socialism With Chinese Characteristics," delivered at the 13th CPC National Congress, a special explanation is given concerning "the initial stage of socialism and the basic line of the party." The fact that the initial stage of socialism is linked with the basic line of the party shows that the objective situation of the initial stage of socialism in present-day China is determined by the basic line of the party. The report points out: "Our country is now in the initial stage of socialism." It adds: "We are destined to go through a very long initial stage. During this stage we shall accomplish industrialization and the commercialization, socialization, and modernization of production, which many other countries have achieved

under capitalist conditions." This inference sums up the party's practical experience of the past 30 years or so, and reflects an important achievement in constantly deepening our greater understanding of socialism and in fully understanding our country's national conditions. It has provided us with an ideological weapon for guarding against "leftist" or rightist mistakes, and with a solid theoretical foundation for building socialism with Chinese characteristics. The significance of this inference should not be underestimated. It has enriched the theoretical treasure house of the theory of scientific socialism, and pointed out the correct path for the socialist cause in China. Therefore, it has arrested the attention of public opinion widely both at home and abroad.

After the liberation of our country, it took only 3 years for us to eliminate feudal land relationships. After that, it took 4 years for us to basically complete the socialist transformation of agriculture, the handicraft industry, and capitalist industry and commerce. It seems that we acted with undue haste. What was particularly inappropriate was that we attempted to completely abolish the individual economy and all privately owned enterprises, and to establish homogeneous socialism. This violated the objective law of social development. Experience of the past 30 years or so has told us that due to the fact that the productive forces in our country are backward, and our commodity economy is not developed, it is impossible for us to satisfy the varying demands of people throughout the country. There are many gaps which we cannot but let individual economy and privately owned enterprises fill. In 1980, I said in Hong Kong: "We should not let the dying embers of capitalism glow again. However, at present it is impossible for us to let capitalism become extinct. There is no need for us to feel surprised or alarmed at it." At that time, it was a risk for me to say so. It was because there was an authoritative view in China of letting capitalism "become extinct." What I said might have been regarded as "discarding the classics and rebelling against orthodoxy." Now it is obvious that my view conforms with the social conditions expounded by the theory on the initial stage of socialism.

Some newspapers and periodicals abroad say that our purpose in stressing "the theory of the initial stage of socialism" is to gradually give up Marxism. This is complete nonsense showing that they know nothing about the situation in China. Dialectical materialism and historical materialism have told us that the development of all things undergoes quantitative changes and qualitative changes. This is also the case with the development of the history of mankind. The old society carries within itself the seeds of the new system, but it still occupies a dominant position. Qualitative changes will take place in a society when it has developed to a certain point. At that time, the new system will take the leading role, instead of the subordinate role. Thereby, the old society is turned into a new society. Although the new social system has developed, the old social system

cannot be completely eliminated. Parts of it will continue to exist for a fairly long time. From the viewpoint of historical materialism, it is completely understandable that in the initial stage of socialism in China, certain nonsocialist, or even capitalist factors still exist.

China was formerly a semicolonial and semifeudal country. Bureaucratic capitalism, represented by the four big monopoly capitalist groups of Chiang Kai-shek, T. V. Soong, H. H. Kung, and Chen Li-fu pushed out national capitalism, rather than cooperating with it. The task of the bourgeois democratic revolution of opposing imperialism and feudalism could not but be shouldered by the CPC, which represented the interests of the working class, and the broad masses of laboring people. After the victory of the revolution, we founded a new democratic country which was led by the working class, and based on an alliance of workers and peasants, including the national bourgeoisie. New China confiscated bureaucrat capital, and turned it into a state-operated economy of socialism. However, due to the fact that in old China the proportion of bureaucrat capital was far greater than that of national capital (bureaucrat capital accounted for 80 % of the fixed assets of capitalist economy throughout the country), after turning bureaucrat capital into a state-operated economy of socialism, it was only natural that it would still play a leading role in the national economy. China peacefully embarked on the socialist road because of this, in addition to the leadership of proletarian state power and the cooperation of workers and staff members in enterprises. Socialist transformation of our national economy was in accord with the objective law governing historical development. However, in the course of transformation, it was against that objective law to try to let capitalism "become extinct," and to completely eliminate individual economy in particular. The theory of the initial state of socialism proposed by the 13th CPC National Congress conforms with the theory of Marxist historical materialism. What we have discarded is a dogmatic and ossified pattern, rather than Marxism.

Upholding Dialectical Materialism, Discarding Dogmatism [subhead]

A dogmatic view existed for a long time in the past with regard to the mutual relations between socialism and capitalism on the one hand, and between workers and capitalists on the other. This view maintained that they could only oppose each other, rather than cooperate with each other. Anyone holding that they could cooperate with each other was regarded as "revisionist." In fact, dialectical materialism clearly explains that internal contradictions exist in all things. Such contradictions mutually oppose and depend on each other. This is the case with the contradictions between workers and capitalists. In handling relations between labor and capital, one sees that they are mutually opposed. However, when facing competition from other enterprises, and the difficult situation of being on the brink of bankruptcy, they frequently cooperate with each other, so that failure of

the enterprise can be turned into success. Dogmatists maintain that the two contradictory aspects can only oppose each other, and never depend on each other. Their views do not conform with dialectical materialism.

Viewing the world situation as a whole, we find that the present period has seen great development and is different from the time when Marx was writing his "Das Kapital." Due to the enormous progress of science and technology, and the rapid increase in labor productivity, the masses of workers working under the capitalist system have been able to improve their livelihood to a fairly great extent. During the 19th to early 20th centuries, the bourgeoisie brutally exploited the working class. This restricted their internal market for surplus commodities, and triggered serious economic crises. During World War II, the working class of various countries stood at the forefront of the antifascist war. After the victory of the war, the political status of the working class was enhanced, and the bourgeoisie was compelled to pursue "welfarism." The bourgeoisie realized to a certain extent that only by improving the livelihood of the working class could the internal market be expanded and economic crises eased. They accepted that fact. At present, the bourgeoisie has changed not only its internal policy, but also its foreign policy. Before World War II, imperialism pursued a policy of old colonialism, and brutally exploited its colonies and dependencies and forced them into bankruptcy. But all this undermined its foreign markets for selling surplus commodities. During World War II, people of the colonies bravely participated in national liberation wars, so that their political power was greatly strengthened. After the war, imperialism was compelled to pursue a policy of neocolonialism. These countries were allowed to declare their independence, and to develop their own national economies to a certain extent, so that the imperialists could expand their overseas markets for selling their surplus commodities. After World War II, the capitalist world achieved development over a period of 30 to 40 years amid turbulence. This was closely connected with the change in its policy. Without such a change, the capitalist world would not have survived until today, or at least it would not have been able to develop as it has. Now some economists do not dare to look reality in the face. They have failed to study the new situation in the development of capitalism. Some of them argue about the issue of the absolute poverty of the proletariat. It seems to them that things which Marx did not mention will never happen. This is the attitude adopted toward Marxism by dogmatists, and another "whatever's theory."

A dogmatic view also exists with regard to relations between socialist and capitalist countries. Dogmatists maintain that socialist and capitalist countries can only oppose and struggle against each other, rather than mutually relying on and cooperating with each other. During his later years Stalin said that the world market had been divided into the two markets of the socialist group and the capitalist group. However, in fact there is now only one world market. Various socialist countries

and capitalist countries are doing business on the same world market. They cannot be isolated from one another economically. On the contrary, they can carry out mutual investment in each others' countries, and promote economic cooperation. When New China was just founded, due to the fact that many capitalist countries imposed an economic blockade on China, for a certain period our country could only do business with the Soviet Union and various East European countries. After the suspension of Soviet aid to China, and the breaking of relations between the CPC and CPSU, for a fairly long period we closed our door against the world. The "gang of four" even went so far as to vilify our economic contacts with Western countries as "national betrayal." After the smashing of the "gang of four," we started implementing a policy of opening up to the outside world. In 1978, we signed 22 contracts on importing advanced foreign facilities. Since the 3d Plenary Session of the 11th CPC Central Committee, reform and opening up to the outside world has been officially regarded as our national policy. Our trade and economic cooperation with the West have gradually increased. Various East European countries, including the Soviet Union, have also implemented an economic policy of opening up to Western countries. Facts have proved that the ossified idea which maintains that socialism and capitalism can only conflict with each other does not conform with objective reality.

Breaking With Ossified Patterns To Promote the Great Cause of Reform [subhead]

In the past, there were too many dogmatic and ossified patterns governing the socialist economic management system. For a long period in the past, we set planned economy against commodity economy, and wrongly thought that socialist countries could only pursue planned economy, and that it was only capitalist countries which could pursue commodity economy. We also wrongly thought if a country pursued planned economy, unified state purchase and marketing of a great number of commodities should be carried out. Rationing of many important consumer goods due to supply falling short of demand was wrongly regarded as a superiority of socialist system. We did not regard means of production as commodities. They could only be distributed according to plan, rather than being exchanged on the market. As far as state-operated enterprises were concerned, we never regarded them as independent producers of commodities. We demanded that enterprises obey the orders of the higher authorities. The independent operation of enterprises was not allowed. Enterprises were run along the vertical lines of division between central ministries or along the horizontal lines of division between localities. Promotion of lateral links and free competition were not allowed. All these and some other specific rules and regulations were regarded as fixed patterns of socialist economy. Anyone attempting to change these patterns was accused of deviating from the socialist track, or of restoring capitalism.

This ossified system increasingly failed to satisfy the demands of the development of productive forces. In 1956, our party discovered certain defects of the system. It pointed out the shortcoming of overconcentration of power, and attempted to carry out certain reforms. However, in the reforms which were carried on several occasions, our attention was focused on centralization of power at the central level and decentralization of power in localities. We failed to give state-operated enterprises the necessary decisionmaking power. The key parts of the ossified patterns were not touched at all. On the contrary, due to the spread of "leftist" deviationist mistakes, the defects of the ossified patterns were aggravated in certain aspects. Later, whenever the issues of commodity economy, the role of the market, independent operation of enterprises, or the assumption of sole responsibility for profits or losses were mentioned, they were regarded as capitalist stuff which should be rejected and criticized.

It was only after the 3d Plenary Session of the 11th CPC Central Committee that we began to free ourselves from the influence of the "leftist" deviationist mistakes, and the fetters of dogmatic and ossified patterns, and gradually broke with outmoded regulations and restrictions. Starting with expanding the decisionmaking power of enterprises, we did our best to break with the ossified system, and have scored fairly great achievements in recent years. The government began advocating production and exchange of commodities. However, due to the fact that the traditional viewpoint, which set planned economy against commodity economy, and planned regulation against market regulation, had not yet been completely eradicated, people did not dare directly advocate the development of socialist commodity economy. The 3d Plenary Session of the 12th CPC Central Committee, held in 1984, completely broke with traditional concepts which set planned economy against commodity economy. It proclaimed that our country's socialist economy is a planned commodity economy based on public ownership of the means of production. This is an important development of Marxist socialist economic theory. The 13th CPC National Congress further pointed out: The system of planned socialist commodity economy is an integrated system which links planning with market mechanism. Planning work should be based on commodity exchange and the law of value. It is our task to be good at making use of planned regulation and the regulation of the market mechanism to maintain coordinated development of the national economy. Only thus can we completely break with ossified patterns which set planning against market mechanism. This is a complete theoretical breakthrough. Of course, we have only succeeded in promoting the ideological breakthrough. Efforts should still be exerted to reform our minds so that a full breakthrough can be effected. The long-term influence of ossified patterns has severely distorted our economic relations. In addition, due to lack of experience, we cannot help making mistakes in the course of reform. The road of reform is by no means

smooth, and there might be some complications. However, we now have a clear and definite direction, and our course of advance has been charted. A solid foundation has been laid for our unremitting efforts to fight for success in the great undertaking of reform in spite of all difficulties.

When developing commodity economy and giving play to the role of the market mechanism, we encounter not only ideological obstruction, but also many practical difficulties. Commodity economy in many regions is not fully developed, and our marketing facilities are not yet complete. Under the conditions that the old system (distribution of funds and goods along the vertical lines of division between central ministries or along the horizontal lines of division between localities, and so on) has not yet been completely abolished, and that distortion of prices has not yet been overcome, it is impossible for us to solve the problem of independent operation and assumption of sole responsibility for profits and losses by simply relying on the promulgation of a few laws. The success of our reform of the above-mentioned old system for the distribution of funds and goods is determined by widely establishing a market for the exchange of goods and perfecting the financial market. Our success in straightening out the pricing structure is determined by our efforts to strengthen macroscopic control of the national economy (especially control over construction funds and consumption funds) aimed at ensuring a basic balance between market supply and demand. Competition among enterprises should begin from the same starting line. Under the conditions in which the above-mentioned problems have not yet been solved, we should spot regard profits and losses as a fair referee. The only method for solving these difficulties lies in continuously deepening reform of the system. Cherishing the outmoded and preserving the outworn will get us nowhere.

Due to the fact that there are still many difficulties on the road of reform, we should encourage people who are engaged in practical work and theoretical workers to conscientiously discuss the issue of reform, and to suggest ways and means. Contention among people with different views is a good thing. It is not a bad thing at all. There are people who cast doubt upon reform. However, generally speaking, there are only differences in approach. There is no opposition faction. The reason for all this is quite simple. In our country, the exploiting class as a class has been eliminated. Fundamentally speaking, the people of the whole country have common interests. Reform means the redistribution of interests. In reform, some people get more and faster results. Others get fewer and slower results. Therefore, they hold this or that view on reform. In the long run, reform will surely be beneficial to the rapid development of productive forces, and people throughout the country will eventually be benefited by it. In the past, our purpose in making revolution was to deprive a particular class of its vested interests. Therefore, an opposition faction would exist, and class struggle needed to be carried out. Now, when we are carrying out reform, there is no need for us

to deprive any class of its interests. Some people are slow in understanding reform. We should not randomly call them conservatives, or regard them as an opposition faction. It is natural that some people are faster in their understanding of reform, and that others might be slower. We should convince people by reasoning, and avoid pinning political labels randomly. We hope that theoretical workers and practical workers in various fields will closely cooperate to smash the fetters of dogmatic and ossified patterns. They should be brave in carrying out exploration and blazing new trails to jointly respond to the call of the 13th CPC National Congress, to make new contributions to accomplishing the great cause of reform in our country, and to upholding and developing Marxism.

Party, School Administration Separation Urged
HK200621 Beijing GUANGMING RIBAO in Chinese
5 Dec 87 p 1

[Report by Tang Cun (0781 3484) and Deng Haiyun (6772 3189 0061): "He Dongchang Interviewed on Separation of Party and Administrative Functions in Institutions of Higher Learning"]

[Text] Vice Minister of the State Education Commission He Dongchang recently pointed out: To deepen the educational reform in institutions of higher learning, it is imperative to adhere to the ideological line of seeking truth from facts and starting from reality in everything. The direction of implementing the system of overall leadership by the president in institutions of higher learning and the separation of party and administrative functions in institutions of higher learning is unshakable, though the steps should be steadier. He made the above statement in an interview with these reporters.

According to He Dongchang, the key task of ideological and political work in institutions of higher learning at present is to earnestly do a good job in organizing the 13th Party Congress documents and to have a good grasp of the party's theory of the initial stage of socialism and the general principle for reform and opening up to the world. It is necessary to pay attention to guiding young students to understand China's national conditions through study by linking it to actual conditions. Regarding how to improve and strengthen ideological and political work, He Dongchang believes that with the progress of the political structural reform, negotiation and dialogue will become the important forms of ideological and political work from now on.

China's higher education has been developing in reform over the past 9 years. We now have 1,061 general institutions of higher learning, with more than 2.7 million students currently in college (including the students pursuing correspondence courses and evening schools sponsored by these institutions). Having fully summed up and affirmed the accomplishments of the reform and development of higher education over the past 9 years, He Dongchang said institutions of higher learning

should shift the focus of their work to improving quality; of course, this does not mean a halt to development, but the need to control the development rate. Institutions of higher learning should develop themselves in the course of improving quality and structural readjustment, and take the road of running schools in combination and expanding old institutions. It is necessary to start from China's national conditions in deepening the educational reform, and to adhere to the ideological line of seeking truth from facts and starting from reality in everything. It is necessary to implement better the principle that education must serve socialist modernization. It is necessary to reform the managerial structure and to further expand the power of the institutions so that they may actively meet the needs of construction. Regarding work distribution, it is impossible for all college graduates to stay in big cities or scientific research institutions. Most of them should take part in the exploitation and construction at the forefront of production and in remote and border regions. In work distribution, college graduates should be allowed a certain choice; however, a system must be set up to guide college graduates to work in places where socialist construction needs them most.

According to He Dongchang, with regard to the issue of the separation of party from administrative functions, the separation of party and administrative functions in institutions of higher learning is the essence of the leadership structural reform of institutions of higher learning. The orientation of this reform is unshakable. However, the steps should be steadier. The purpose of political structural reform is to improve and strengthen party leadership. It is also an important form of realizing party leadership for the presidents of institutions of higher learning to run the institutions on behalf of the state in accordance with the regulations. The party should do a good job in running the party itself, in managing the party's contingent, and in giving play to the vanguard and exemplary roles of party members to ensure and supervise the implementation of the party's principles and policies. The problem at present is that party committees often fail to take care of these matters, while taking care of a lot of other things. They "till others' land, while letting their own go to waste." As a result, the party committees of some units know very little about the sentiments and wishes of the teachers and students, and are even divorced from the masses, with bureaucratism increasing. The emancipation of party work from administrative affairs is favorable to guarding against the bureaucratism of party committees themselves, and will help presidents to maintain close ties with the masses. The implementation of the system of overall leadership by the college president does not mean the president alone has all the say. A genuinely wise president will adopt the mass line; otherwise, some people's correct opinions will not be implemented should the masses fail to grasp them. With the separation of the party from administrative functions, the quality of the college president needs to be greatly improved. It is required that he have a certain academic level and

organizational ability, and that he acquire a good knowledge of education, while being capable of dealing with political and ideological work. If these are beyond the ability of a single person, the group structure of the presidential body should be able to take them. It is precisely because of this that good ideological, political, and constitutional preparations should primarily be made to implement the system of overall leadership by the college president, and step by step at that.

He Dongchang expressed the hope that educational workers and college students would acquire the indomitable spirit of hard work and arduous struggle in building, and make contributions to the educational reform.

Audit Conference Cites Mismanagement, Waste
OW181257 Beijing XINHUA in English
0807 GMT 17 Dec 87

[Text] Beijing, December 17 (XINHUA)—Mismanagement and waste are still the two biggest enemies of enterprises in China, according to a national auditing conference now in session here.

Price rises of raw materials account for only a drop of one third of profits of enterprises this year, audits of 1,784 firms in three provinces revealed.

Poor management and waste account for the rest.

Auditors have uncovered violations of financial regulations totalling 7.6 billion yuan (about two billion U.S. dollars) in the first nine months of this year.

Of this, 1.81 billion yuan should have been paid to the state treasury. To date, 970 million yuan have been paid—up 34 percent from last year.

Auditing departments throughout the country have begun this year to audit fixed assets of enterprises contracted or leased to individuals or groups.

They are also auditing assets of collectively-owned businesses and rural township-run factories and offering consultancy services.

The auditors said money allocated for special purposes is often turned to other uses.

They discovered that six percent of the state-allocated funds to aid poor farmers and agriculture in 995 counties this year—178 million yuan—was used for other purposes.

Lu Peijian, director-general of the State Auditing Administration, called for more exposure in the media of violations of the financial regulations.

Bank of China Issues Renminbi Credit Cards
HK210524 Beijing CHINA DAILY in English
21 Dec 87 p 2

[By staff reporter Da Chansong]

[Text] The Bank of China (BOC) has begun issuing Great Wall MasterCard, the first and only credit card whose accounts are figured in renminbi, the national currency.

This key development in the credit business came nine months after the bank joined MasterCard International in March and lays the basis for making the cards it issues internationally acceptable.

At the launching ceremony on Saturday in the Great Hall of the People, State Councillor and BOC President Chen Muhua received a MasterCard delegation headed by President and Chief Executive Officer Russell E. Hogg. Both sides discussed the international standing of the MasterCard and proposed further developments within China and overseas.

"This is a significant step forward for the banking and financial community in China, and we are pleased that today's success is the result of the partnership between the Bank of China and MasterCard," said BOC Vice-Chairman Li Yumin.

Hogg commented, "Only with mutual trust could we have made such rapid progress towards the launch of the renminbi Great Wall MasterCard today to provide yet another system of payment for the general Chinese public." He added that MasterCard would continue its work with the Bank of China to expand and develop electronic banking services.

Li presented Chen with the first Great Wall MasterCard.

The cooperation between the two organizations over the past six months involved the conversion of BOC's own credit card, the Great Wall Card, into the Great Wall MasterCard. The final steps are expected to be completed by early 1988.

East Region

Anhui Secretary, Governor Commend Athletes
OW181225 Hefei Anhui Provincial Service
in Mandarin 1200 GMT 16 Dec 87

[Excerpts] The sumptuous Anhui Theater has provided the venue for many artists' performances. Today the theater opened its doors for our province's sports delegation, which just returned from Guangzhou. The provincial government hosts a victory party/award ceremony to warmly congratulate the athletes on their achievements at the Sixth National Games.

Seated on the flower-filled stage were responsible comrades from the provincial party committee and government, including Li Guixian, Lu Rongjing, Wang Guangyu, (Du Jushou), (Chen Guanghua), Wei Xinyi, Wang Houhong, and Zhu Nong. They listened attentively to the report made by the responsible comrade of the delegation to the Sixth National Games, while looking appreciatively at rows of spirited athletes setting below the stage, sharing their joy of victory. [passage indistinct]

Comrades Li Guixian and Lu Rongjing, on behalf of the provincial party committee and government, presented "contribution" awards to the provincial Physical Culture and Sports Committee and to athletes and coaches who have won gold medals at major contests held at home and abroad this year. Other responsible comrades from the provincial party committee and government respectively presented recognition letters to athletes and coaches who performed well at the Sixth National Games. Acting Governor Lu Rongjing and Party Secretary Li Guixian also made short and humorous impromptu speeches. [passage omitted]

Fujian's Chen Guangyi Meets Journalists
OW191023 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 17 Dec 87

[Text] The secretariat of the work conference of the provincial party committee held a forum this morning inviting representatives of all press units covering the conference to ask about their views on how to further publicize reform and the policy of opening to the outside. Chen Guangyi, secretary of the provincial party committee, met with the forum participants.

It is learned that 30 or so press units and more than 50 reporters covered the conference. According to incomplete statistics, some 150 articles have been published so far, which have made the guidelines of the conference immediately known to the vast public.

At the forum, a person in charge of the secretariat expressed the hope that through the common efforts of the press, progress in studying the guidelines of the 13th Party Congress by the cadres and masses throughout Fujian would be covered by various mass media. He also

hoped that through the media, examples of actual achievements would be publicized so that people would be encouraged by them. Furthermore, he hoped the media would help turn the determination and desire of Fujian to expedite reform, open to the outside, and develop, as manifested at this work conference, into actual deeds of the people.

Chen Speaks at Fujian Work Conference
OW181201 Beijing XINHUA Domestic Service
in Chinese 1227 GMT 16 Dec 87

[By reporters Xu Yiming and Chu Yanyi]

[Text] Fuzhou, 16 Dec (XINHUA)—A work conference of the Fujian Provincial CPC Committee, which ended yesterday, stressed that Fujian Province should be unhindered in implementing the special policy of the central authorities creatively, effectively, and to the fullest extent to promote reform and the policy of opening to the outside world, to earn more foreign exchange by increasing exports, and to adopt the strategy of developing an export-oriented economy.

The work conference, which opened on 11 December, discussed such questions as reform, opening to the outside world, and economic construction in the province, especially the question of developing an export-oriented economy. Those attending the conference said: The main direction in the development of economic construction in Fujian is to develop an export-oriented economy according to the province's specific conditions, to have its products enter the international market, and to participate in international competition.

The conference called for accelerating and strengthening reforms in the province in the following five aspects:

First, vigorous efforts should be made to explore and institute an economic system suited to the development of an export-oriented economy. It is necessary to achieve as soon as possible the objective of the reform in foreign trade—"enterprises take full responsibility for their profits and losses and are allowed a free hand in management and operation; industry and trade are combined, and an agency system is instituted."

Second, the present structure of production should be readjusted, and industries with local characteristics should be developed according to the situation in the international market.

Third, it is necessary to bring about a situation in which our province opens its doors wide in every way. The Xiamen Special Economic Zone should become Fujian's first economic zone where stress is put on the development of an export-oriented economy, and it should give full play to its role in opening up internally and externally. Some policies on free ports should be implemented step by step. As an open city, Fuzhou should rely on its old urban areas and use the Mawei Development Area as

its "window." While making efforts to grasp the transformation or upgrading of existing enterprises in the city, to change the lines of production by some of them, to introduce investment from abroad, and to establish lateral ties at home, Fuzhou should develop itself by carrying out construction and increase its ability to produce exports. The delta area in southern Fujian should open itself wider to the outside world. It should readjust and rationalize its structure of production by combining trade, industry, and agriculture and make vigorous efforts to develop the processing and assembling of materials supplied by foreign firms, compensatory trade, and the production of agricultural products for export to earn foreign exchange.

Fourth, it is necessary to improve the environment for investment and to build a network of services suited to the development of an export-oriented economy.

Fifth, the development of science and technology should go hand in hand with the development of an export-oriented economy. Integrated scientific research-production establishments should be set up, with a view to earning foreign exchange by developing exports. It is necessary to combine technology with trade and scientific research with production. We should give full play to the role of science and technology in developing export trade. We should rationalize the structure of production and improve the quality of exports to increase our ability to earn more foreign exchange through export trade. The conference also pointed out: As far as Fujian's foundation and conditions are concerned, the province, especially its coastal areas, should stress the development of labor-intensive exports for some time to come.

In his speech at the conference, Chen Guangyi, secretary of the Fujian Provincial CPC Committee, called on all people in the province to act in the pioneering spirit of blazing new trails paths and with a sense of responsibility and to speed up the pace of the province's reform and opening to the outside world. He said: Measures that are effective in promoting the development of the productive forces and methods that are useful in the promotion of reform and opening to the outside world, even though they cannot be found in our rules and regulations, should be put to the test, and we should vigorously support such measures and methods.

Han Peixin Addresses Jiangsu Party School
OW171133 Nanjing XINHUA RIBAO in Chinese
10 Dec 87 p 1

[Excerpts] Comrades Han Peixin and Sun Jiazheng visited the party school of the Jiangsu provincial party committee on the afternoon of 8 December. They joined the leading cadres of some provincial departments and bureaus and some cities in a discussion to exchange study experiences and explore various questions. The leading cadres are attending a class for studying the

documents of the 13th National Party Congress held in the party school. Han Peixin set some demands for their further studies. [passage omitted]

Comrade Han Peixin urged the leading cadres to concentrate on studying and publicizing the guidelines of the 13th National Party Congress, and use the guidelines to unify the thinking of the whole party and to direct current work. [passage omitted]

He particularly pointed out the necessity of applying the theory of the initial stage of socialism in analyzing the national, provincial, and city situation, enhance our understanding of the party's basic line, remember historical experience and lessons, and raise our awareness of the need to adhere to the party's basic line. On the reform of the political structure, Han Peixin emphasized that it is necessary to take active and reliable measures and that the separation of party and government is of prime importance. He said that after separating party from government, separating government functions from enterprise management, and reforming the personnel system, efforts should be made to carry out organizational reform and make the best use of available personnel. He called on the leading cadres to pay attention to neither personal rank nor possibilities of mobility, consider the interest of the whole as well as the cause of the party and the people, and assume a correct attitude toward the political structural reform. [passage omitted]

On commodity prices, party style and the standards of social conduct, Han Peixin pointed out: Urban markets should be managed well. All cities and counties should specially assign someone to manage the production of nonstaple food, the market, and the commodity prices. We should deal sternly with those who raise prices without authorization. At the same time, we should publicize the price policy and educate the people. We should know both our reform achievements and the contradictions that come with economic development. We should unite as one, overcome difficulties, and push reform and construction forward. The party should pay attention to improving party style, while the government should strive to improve the standards of social conduct. We must do things according to law to solve law and discipline problems. We must strengthen the administration and enforce government discipline. We should manage party organizations strictly, improve the quality of party members, and resolutely and surely correct unhealthy tendencies in the party. At the same time, we should improve legislation, formulate regulations for people to follow, plug loopholes, and eliminate the source of unhealthy tendencies.

Wan Shaofen Attends Jiangxi Farm Meeting
OW171125 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 15 Dec 87

[Excerpts] The provincial party committee and the provincial people's government met at the Jiangxi Hotel meeting hall this morning, amid a joyous atmosphere.

The meeting marked the 30th anniversary of the founding of the State Farm and Land Reclamation Department of Jiangxi. [passage omitted]

There were about 400 people attending today's meeting, including provincial leaders Wan Shaofen, Wu Guanzheng, Liu Fangren, Xu Qin, Wang Zhaorong, Pei Dean, (Lu Xiuzhen), Wang Zhaohua, Zhu Zhihong, Peng Shengxi, Chen Guizun, Fang Qian, and Wu Yongle. Also present at the meeting were Bai Dongcai, member of the Central Advisory Commission; senior Comrades Fang Yuxing, Lu Mingxing and Sun Yapeng; and representatives from the state farm and land reclamation departments of fellow provinces, municipalities, and autonomous regions, officials from provincial departments and bureaus, representatives of central as well as local press departments, directors of forestry and land reclamation bureaus. [passage omitted]

Cheng Guizun, vice governor, presided over the meeting. Xu Qin, deputy secretary of the provincial party committee addressed the meeting. [passage omitted]

Jiangxi Party Committee Holds Plenary Meeting
OW171423 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 16 Dec 87

[From the "Provincial Hookup" program]

[Text] According to our reporter Gu Jianxiang, the fifth enlarged plenary meeting of the Eighth Jiangxi Provincial CCP Committee opened today in Nanchang. The main tasks of this meeting are: To study and implement the guidelines set at the 13th National Party Congress and the important speech that Comrade Zhao Ziyang made on his recent inspection tour to our province; to emphasize reform, opening to the outside world, and developing the economy as the focal work; to sum up the experience of reform in light of realities so as to find out shortcomings; to study measures to be taken to accelerate the implementation of the reform and open policies; and to discuss next year's work.

At the opening of the meeting, the following leading comrades were seated at the rostrum: Wan Shaofen, Wu Guanzheng, Liu Fangren, Xu Qin, Zhao Zengyi, Zhu Zhihong, Wang Shufeng, and Wu Ping. Member of the Central Advisory Commission Bai Dongcai and veteran Comrades Fang Zhichun and Fu Yutian, who were invited to the meeting, were also seated at the rostrum.

Comrades attending this meeting were members and alternate members of the provincial party committee, members of the provincial Advisory Commission, members of the provincial Discipline Inspection Commission; chairman, vice chairmen, and secretary-general of the provincial People's Congress Standing Committee, vice chairmen of the special committees of the provincial People's Congress, vice governors and advisors of the provincial government, vice chairman of the provincial CPPCC Committee, and vice chairmen of the special

committees of the provincial CPPCC Committee who are party members, but not members of the above-mentioned three provincial commissions; key responsible persons from various departments of the provincial party committee, mass organizations, units directly under the provincial authorities, and central-level departments in this province; [words indistinct] commissioners of prefectural administrative offices; mayors of cities directly under provincial jurisdiction; and responsible persons of party committees of institutions of higher learning, factories, and mines, totalling 404 in number.

This morning's session was presided over by Wu Guanzheng, deputy secretary of the provincial party committee and governor of the province. He said that this is a very important meeting and requested that all comrades attending seriously and intensively study the report to the 13th National Party Congress and Comrade Ziyang's important speech delivered on his inspection tour to Jiangxi.

Jiangxi Sets Up Special Economic Zone
OW190200 Beijing XINHUA in English
0128 GMT 19 Dec 87

[Text] Nanchang, December 19 (XINHUA)—The Jiangxi provincial authorities have decided to designate its southern Ganzhou Prefecture as an economic reform pilot area or a provincial "special economic zone," XINHUA learned today.

According to a decision made at the current provincial Communist Party committee meeting, the Ganzhou Prefecture, an old revolutionary base area between 1927 and 1935, will enjoy preferential terms in money and material supply and seek more cooperation with coastal areas, and Hong Kong and Macao, said Huang Mingxin, secretary of the prefectural party committee.

The prefecture will have more decisionmaking power in working out its program for restructuring its economy, approving joint ventures, and deciding on import items, Huang said.

It will also operate its own import and export trade with the launching of local import and export trade corporations, according to Huang.

When party General Secretary Zhao Ziyang paid an inspection tour to the province recently, he encouraged the provincial authorities to take a bold step to make best use of its plentiful resources since the province is rich in resources but faces shortages of funds, technology, transport facilities, and information.

Shanghai To Open First Life Insurance Firm
OW190203 Beijing XINHUA in English
1624 GMT 18 Dec 87

[Text] Shanghai, December 18 (XINHUA)—Shanghai has set up China's first life insurance company, which will open for business next January 1, XINHUA learned today.

According to officials at the city's Civil Affairs Bureau, the number of residents 60 years or older will increase to nearly one million in the next five years in Shanghai, now with a population of 12 million.

About three million peasants—two-thirds of the city's total—are now working in industrial and service sectors. The reform of the employment system has resulted in several hundred thousand contract workers.

Few of these people are entitled to old age pensions from employer after retirement as those in state-owned enterprises.

So far, over three million people in the city have taken out life insurance policies to the tune of 66 million yuan.

Central-South Region

Hubei's Guan Guangfu Holds Dialogue Meeting
HK200422 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 12 Dec 87

[Excerpts] On the morning of 11 December, the provincial party committee held a consultation and dialogue meeting in the meeting room of the provincial CPPCC committee with nonparty personages, including personages of democratic parties and mass organizations, and personages without party affiliation, on how to further implement the spirit of the 13th CPC Congress. They also discussed the important matter of the four modernizations. By pooling the wisdom of the masses and making policy decisions democratically, they arranged next year's work for the whole province, thus speeding up various reforms in Hubei. [passage omitted]

Provincial party committee Secretary Guan Guangfu and Deputy Secretaries Guo Zhenqian, Zhao Fulin, and Qian Yunlu had dialogues with the nonparty personages. Provincial CPPCC Committee Chairman Li Wei; provincial People's Congress Vice Chairmen Jiao Dexiu; Wang Zhizhuo; Vice Governor Liang Shufen; provincial CPPCC committee Vice Chairmen Mu Changsheng; Zhang Wencai; and Sun Yaohua attended the dialogue meeting.

Provincial party committee Deputy Secretary Zhao Fulin presided over the dialogue meeting. [passage omitted]

Guan Guangfu Commends Sports Team in Hubei
HK190340 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 11 Dec 87

[Excerpts] This afternoon, the provincial party committee and provincial government ceremoniously held a rally to warmly welcome and commend our province's sports delegation to the Sixth National Games which had returned in triumph. Attending the rally were leading comrades of the provincial party committee, provincial Advisory Commission, provincial Discipline Inspection Commission, provincial People's Congress, provincial government, provincial CPPCC Committee, provincial Military District, and Wuhan City CPC Committee and City Government, including Guan Guangfu, Guo Zhenqian, Zhao Fulin, Qian Yunlu, Han Ningfu, You Hongtao, Li Xuewen, Wang Zhizhuo, Jiao Dexiu, Wang Hanzhang, Liang Shufen, Wang Libin, Xu Penghang, Chen Ming, Han Wenqing, (Wang Jieqing), Xie Peidong, and Gao Shunling, and responsible comrades of all departments of the provincial party committee and provincial government and of all people's organizations. [passage omitted]

Guan Guangfu, Guo Zhenqian, Qian Yunlu, Han Ningfu, and (Wang Jieqing) spoke at the commending rally. [passage omitted]

Southwest Region

Hu Attends Guizhou CPCC Plenary Session
HK200359 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 11 Dec 87

[Text] The Ninth enlarged plenary session of the Fifth provincial party committee was held in Guiyang on the morning of 11 December. The main subject of the session was to deeply study the spirit of the 13th CPC National Congress, to study measures on speeding up and deepening reform and on implementing all tasks put forth at the 13th CPC National Congress in accordance with the real situation in Guizhou, and to arrange tasks for the whole province next year. The session will also discuss the problem of convening the Sixth Guizhou Provincial CPC Congress next year. Wang Chaowen, deputy secretary of the provincial party committee and governor, presided over yesterday's session. Provincial party committee Secretary Hu Jintao delivered a report entitled: "Push Forward the Cause of Invigorating Guizhou and Enriching People With the Spirit of the 13th CPC National Congress as the Guiding Principle and Reform as the Motive Force."

His report was divided into five parts. 1) Firmly treat developing the productive forces as the center of all our work and vigorously develop the commodity economy. 2) Firmly speed up and deepen urban and rural economic structural reform. 3) Firmly switch economic construction into the orbit of relying on scientific and technological progress and upgrading the quality of

workers. 4) Firmly build socialist democratic politics and socialist spiritual civilization. 5) Firmly strengthen party building in reform and opening up.

Liu Zhengwei, Ding Tingmo, and Long Zhiyi, deputy secretaries of the provincial party committee; Su Gang, chairman of the provincial Advisory Commission; and Liu Hanzhen, secretary of the provincial Discipline Inspection Commission, attended yesterday's session and were seated on the rostrum. Members and alternate members of the provincial party committee attended the enlarged plenary session. Also attending the session as observers were members of the provincial Advisory Commission; members of the provincial Discipline Inspection Commission; secretaries of discipline inspection commissions of prefectures, autonomous prefectures, and cities; the province's delegates to the 13th CPC National Congress; party-member leading comrades of the provincial People's Congress, the provincial government, and the provincial CPPCC Committee; principal responsible persons of the provincial Military District; secretaries of all prefectural, autonomous prefectural, and city party committees; commissioners of all prefectural administration offices; chiefs of all autonomous prefectures; all city mayors; secretaries of party committees of all county, city, and special districts; leading comrades of all provincial departments and commissions; and secretaries of party committees or groups of all provincial-level state organs, universities, colleges, and mass organizations. A total of 370 people attended the session.

Guizhou's Hu at Meeting on National Games
HK200435 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 12 Dec 87

[Excerpts] On the afternoon of 12 December, the provincial government held a gathering at the auditorium of the provincial CPPCC Committee to celebrate the achievements of the provincial sports delegation at the Sixth National Games.

Leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee, and the provincial Military District Hu Jintao, Wang Chaowen, Liu Zhengwei, Ding Tingmo, Long Zhiyi, Su Gang, Zhang Shukui, and Jiao Bin and veteran comrades Xu Jiansheng, Li Tinggui, Qin Tianzhen, and Wu Shi attended the gathering. Commissioners of prefectural administration offices, chairmen of autonomous prefectures, and city mayors also attended the gathering. [passage omitted]

Wang Chaowen, deputy secretary of the provincial party committee and governor, and Su Gang, chairman of the provincial Advisory Commission, spoke at the gathering. [passage omitted]

Xizang's Wu Jinghua Addresses Forum on Riots
HK200343 Lhasa Xizang Regional Service
in Mandarin 1130 GMT 17 Dec 87

[Text] According to XIZANG RIBAO, on the morning of 16 December, Zhang Haitian, deputy political commissar of the Chinese People's Armed Police Headquarters, led comrades of a comfort group from the police headquarters to pay a visit to the autonomous regional party committee and autonomous regional people's government. They also had cordial talks with leading comrades from our regional party, government, and military organizations at a forum. Attending the forum were Wu Jinghua, Raidi, Doje Cering, Basang, Jiang Hongquan, and Gyibug Puncog Cedain, leaders from the autonomous regional party, government, and military organizations; Yang Houdi, secretary general of the regional party committee; and (Dao Jie) and (Yi Wuzhen), deputy secretaries general of the regional people's government.

In his speech at the forum, Zhang Haitian, deputy political commissar of the Chinese People's Armed Police Headquarters and head of the comfort group from the police headquarters, said: In October this year, the Chinese People's Armed Police unit stationed in Lhasa took part in the struggle to put down riots. Under the guidance of the wise policy adopted by the central authorities, under the leadership of the autonomous regional party committee and regional government, and through the great efforts made by various circles, the riots were suppressed and the situation was stabilized. During this struggle between unification and separatism, the armed police unit did a relatively good job of accomplishing all the tasks assigned by the higher authorities, and was also tempered in the struggle.

Zhang Haitian added: We must conscientiously sum up our experiences, further strengthen the building of our armed police unit in various fields, and make still greater contributions to defending the unification of the motherland and upholding our solidarity of nationalities.

In his speech at the forum, Wu Jinghua, secretary of the autonomous regional party committee, spoke highly of the work carried out by the armed police unit. He said: During the suppression of the riots in Lhasa, the commanders and fighters of our armed police unit gave an outstanding performance, did well in accomplishing their tasks, and made important contributions to stabilizing the situation in Lhasa. The contributions to putting down the riots made by the commanders and fighters of our armed police unit have opened up a new brilliant and glorious chapter in the annals of Xizang.

In their speeches at the forum, Raidi, deputy secretary of the autonomous regional party committee, and Doje Cering, chairman of the autonomous regional people's government, said: In addition to accomplishing its regular duties, the armed police unit stationed in Xizang has regularly conducted, for its cadres and fighters,

education in the party's policies toward minority nationalities and religions. The commanders and fighters of our armed police unit have built good relations with the masses, thus deepening the love between them and the peoples of all nationalities in Xizang.

Also attending the forum were (Yu Xiyuan), deputy head of the comfort group and political commissar of the Logistics Department of the Chinese People's Armed Police Headquarters; (Hu Zhengbang), deputy director of the Political Department of the Chinese People's Armed Police Headquarters; and (Baima Doje), (Li Jiarui), and Zhang Zhu, leading comrades from the autonomous regional Public Security Department and the regional armed police general unit.

North Region

Li Reelected Beijing CPC Committee Secretary
OW181535 Beijing XINHUA Domestic Service
in Chinese 1428 GMT 18 Dec 87

[By RENMIN RIBAO reporter Yan Shigui, and XINHUA reporters Huang Zhimin, and Wang Wei]

[Text] Beijing, 18 Dec (XINHUA)—During the First Plenary Session of the Sixth Beijing Municipal CPC Committee today, Li Ximing was elected secretary of the municipal party committee and Chen Xitong, Xu Weicheng, and Li Qiyang were elected deputy secretaries of the municipal party committee.

Li Ximing, 61, has been secretary of the Beijing Municipal Party Committee since 1984. He was elected member of the CPC Central Committee Political Bureau at the 13th Party Congress held not long ago.

The meeting today also elected the members of the Sixth Beijing Municipal CPC Committee Standing Committee. The 11 Standing Committee members were elected following a preliminary election during which the members were chosen by secret ballot from a larger number of candidates. According to the principle of separating party and government affairs and shifting the responsibilities of party and government organs, the number of members of the Sixth Beijing Municipal CPC Committee Standing Committee is four fewer than the previous committee.

Today, Wang Xian and Meng Zhiyuan were respectively elected chairman of the municipal Advisory Commission and first secretary of the municipal Discipline-Inspection Commission at the First Plenary Session of the Advisory Commission and Discipline-Inspection Commission of the Beijing Municipal Party Committee.

Beijing's Li at Forum of Democratic Figures

SK190020 Beijing BEIJING RIBAO
in Chinese 12 Dec 87 p 1

[Text] Recently, the Beijing Municipal CPC Committee invited responsible persons of the various democratic parties and relevant mass organizations, and democratic figures without party affiliation to a forum to discuss the report (a draft revised after opinions were solicited) of the municipal party committee to be submitted to the Sixth Beijing Municipal Party Congress.

The forum was presided over by Li Ximing, secretary of the municipal party committee, and attended by Wang Daming, Wang Guang, Zhang Mingyi, Bai Jiefu, Gao Ge, Li Bokang, and Rong Yi, responsible persons of the municipal party committee, People's Congress Standing Committee, and CPPCC Committee.

Comrade Li Ximing introduced the process to draft the report, and the basic situation. He said: Although we have spent several months and extensively heard the opinions of various fields to repeatedly revise the report, it still has many areas that need to be studied and deliberated. It is hoped that everyone will air his views freely, and offer opinions to revise it.

The forum proceeded in a warm atmosphere. Pu Jiexiu, chairman of the Beijing Municipal Committee of the China Democratic National Construction Association; Chen Mingshao, chairman of the Beijing Municipal Committee of the Jiu San Society; Ding Gongnan, chairman of the Beijing Municipal Committee of the Chinese Peasants and Workers Democratic Party; and Chen Zhongyi, chairman of the Beijing Municipal Committee of the Taiwan Democratic Self-Government League, delivered speeches. They held that the report is rich in content, is imbued with the basic guidelines of the 13th Party Congress, and puts forward realistic and feasible work principles in line with the characteristics of the capital. They also offered opinions on revising the parts concerning the political and the economic structural reforms, the development strategies of the capital, urban construction, and education and health.

Comrade Li Ximing thanked everyone for offering many very good opinions and pledged to revise the report properly in line with the opinions and suggestions.

Other responsible persons of the various democratic parties and relevant mass organizations, and figures without party affiliation present at the forum were Tan Yizhi, Guan Shixiong, Peng Qingxia, Cai Qikan, Tang Shaoyuan, Wang Shizhi, Ma Benyin, Liang Shufan, Fu Tieshan, and Zhang Shouchong.

Hebei's Xing Chongzhi, Others Greet Athletes

SK181249 Shijiazhuang HEBEI RIBAO
in Chinese 9 Dec 87 p 1

[Excerpts] In the early winter, a clear and boundless sky over the provincial capital made the people feel refreshed and inspired. At a little after 0600, the provincial and the Shijiazhuang City leaders, and the enthusiastic masses gathered at the Shijiazhuang railway station

to wait eagerly for the train from the south where the good athletes of our province were boarding.

When the athletes, led by Li Wenshan, deputy secretary of the provincial party committee, who had come to an other province to greet the athletes, stepped down from the train and entered the hall where the welcome ceremony would be held, the provincial and city leaders, as well as the jubilant masses surged toward them, and warmly shook hands with them to extend congratulations. A group of lovely children presented flowers to the athletes and coaches. [passage omitted]

Present at the station to welcome the athletes were leading comrades of the provincial party committee, the Advisory Commission, the People's Congress Standing Committee, the government, the CPPCC Committee and the Military District, including Xing Chongzhi, Xie Feng, Li Wenshan, Yue Qifeng, Lu Chuanzan, Zhang Chao, Ye Liansong, Bai Shi, Liu Ronghui, Chen Yujie, Li Haifeng, Yin Zhe, Wang Dongning, Guo Zhi, Liu Ying, Zhang Kerang, Hong Yi and Zhang Runshen, and responsible comrades of relevant provincial departments and the Shijiazhuang City Government.

Northeast Region

Heilongjiang Enlarged CPC Plenum Opens 18 Dec

SK19451 Harbin Heilongjiang Provincial Service
in Mandarin 2200 18 Dec 87

[Text] The Eighth Enlarged Plenary Session of the Fifth Heilongjiang Provincial CPC Committee opened at Harbin's Beifang Building on the morning of 18 December.

The meeting's main subjects for discussion are to proceed from the province's actual conditions to implement the guidelines of the 13th CPC Congress and the central work conference; to sum up the work done in 1987; to discuss and arrange the work tasks during the foreseeable future, emphatically, for 1988, and to make good preparations for promoting the province's work to a new level. The meeting will discuss and approve the resolution on convocation of the Sixth Heilongjiang Provincial CPC Congress in May 1988.

Attending the session were 391 people, including members and alternate members of the provincial party committee; members of the provincial Advisory Commission and the provincial Discipline Inspection Commission; secretaries of the prefectural, city, and county party committees; and leading comrades of the provincial-level departments, commissions, offices, and bureaus.

A brief preparatory meeting was held before this enlarged plenary session.

At the plenary session, delegates conscientiously read the documents adopted at the 13th CPC Congress to deepen their understanding about the spiritual essence of the congress.

On behalf of the provincial party committee, Sun Weiben, secretary of the provincial party committee, will deliver a work report at a meeting which will be held on the morning of 19 December.

Heilongjiang's Sun Gives Work Report

SK200333 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 19 Dec 87

[Excerpt] The Eighth Enlarged Plenary Session of the Fifth Heilongjiang Provincial CPC Committee held a meeting on the morning of 19 December. On behalf of the provincial party committee, Sun Weiben, secretary of the provincial party committee, delivered a report entitled "Emancipate Minds, Deepen Reform, and Make Sure To Improve the Province's Work to a New Level." Comrade Hou Jie presided over the meeting.

Attending the meeting were 391 people, including Li Genshen, Chen Yunlin, and Zhou Wenhua, deputy secretaries of the provincial party committee; Wang Yusheng, Bai Jingju, Ma Chunwa, Wang Haiyan, and Xu Guiyuan, members of the provincial party committee Standing Committee; members and alternate members of the provincial party committee; members of the provincial Advisory Commission and the provincial Discipline Inspection Commission; secretaries of the prefectural, city, and county party committees; and leading comrades of the provincial-level departments, commissions, offices, and bureaus.

Comrade Sun Weiben's report includes four parts: First, conscientiously study and implement the guidelines of the 13th CPC Congress to further emancipate our minds. Second, deepen the strategy for economic development to realize the fighting goals for the second step of economic construction. Third, firmly foster an idea that reform is the only fundamentally important way to rejuvenate Heilongjiang and accelerate and deepen the overall reform. Fourth, define the guiding ideology of party building in the new age, and strengthen party building in the course of reform and opening the country to the outside world. [passage omitted]

Liaoning CPC Plenary Session Concludes 20 Dec

SK210135 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 20 Dec 87

[Text] The fifth enlarged plenary session of the Sixth Liaoning CPC Committee concluded in Shenyang this morning. The session approved in principle the resolution of the fifth enlarged plenary session of the sixth provincial party committee on thoroughly studying the documents of the 13th Party Congress, and discussed and approved in principle the report delivered by Comrade Quan Shuren. During the session, the participants

discussed the report, and advanced opinions on revising it. They exchanged experiences acquired in the previous study of the documents of the 13th Party Congress, and thoroughly studied them. After the study, they acquired a new understanding of the situation of our province, enhanced their sense of urgency in opening up the Liaodong peninsula more quickly, and accelerating the economic and political structural reforms, and raised their awareness in strengthening party building in the new situation of opening to the outside world. The session has gained much in both ideology and theory.

Li Changchun, deputy secretary of the provincial party committee, spoke at today's session. He pointed out: In line with the guidelines of Comrade Quan Shuren's report, we should attend to the following work. First, we should attend to the study of the documents of the 13th Party Congress, and unify the thinking of the party members, cadres, and people throughout the province with the guidelines of the 13th Party Congress. We should devote about 2 years to educating the party members and the masses of the province with the theory on the initial stage of socialism, and the party's basic line. We should conscientiously eliminate the major ideological obstacles to reform and opening up, and gradually build up the new concept of developing the commodity economy so that all quarters will join in the coordinated development of the commodity economy. Second, we should focus on the main theme of accelerating and deepening reform, work out overall plans in line with reform, and make a success of the work in various fields. Party building, and the economic and political structural reform should be focused on reform and opening up. In the economic structural reform, we should exert more efforts to accelerate and deepen it, and shift from developing experimental farmland to developing large-area high-yielding farmland. Meanwhile, we should pay attention to new explorations on reform. Stabilizing the economy and the commodity prices is an important task for next year. The key point of it is to stabilize production. We should increase and invigorate production while keeping it stable. In the political structural reform, we should first make a success of the level of enterprises. Third, we should organize forces of a certain scale to conduct investigations and study on strengthening party building and carrying out the second step of the economic development strategies, and put forward specific plans. In the new situation of reform and opening up, we should do a good job in party building, and solve the problems in party style with the method of reform.

During the session, the provincial Advisory Commission and the provincial Discipline Inspection Commission also held plenary sessions.

Northwest Region

Gansu Economic Work Conference Opens
*HK200417 Lanzhou Gansu Provincial Service
in Mandarin 1100 GMT 11 Dec 87*

[Excerpts] A provincial conference on economic planning and reform of the economic structure opened in Lanzhou today. The central subjects under discussion at

this conference are further studying and understanding the documents of the 13th CPC National Congress, conveying and implementing the spirit of the relevant conferences of the central authorities and whole country, and making arrangements for economic planning and reform of the economic structure of the whole province in 1988. [passage omitted]

The first meeting was held this afternoon. Vice Governor Yan Haiwang summed up our province's economic situation this year and put forward the targets for struggle next year and several aspects of work which should be grasped well in order to achieve these targets for struggle. Governor Jia Zhijie presided over the meeting. Li Ziqi, Huang Luobin, Liu Bing, Wang Bingxiang, Ge Shiyong, Xu Feiqing, and Lu Ming attended the meeting. Others attending the conference are responsible comrades of all prefectures, autonomous prefectures, and cities in charge of economic planning and reform of the economic structure, responsible comrades of the planning commissions, economic commissions, and commerce bureaus, and responsible persons of all departments of the provincial government and of departments concerned, totaling approximately 500 people.

In his report, Yan Haiwang said: In 1987, we have seriously implemented the spirit of the meeting of the governors of the whole country, deepened reform, and penetratingly launched the drive of double increase and double economy so that all aspects of the economic work of our province can continuously and steadily develop. The overall situation is good.

Yan Haiwang said: In accordance with the general principle of economic work determined by the central authorities, the guiding ideology of our province's economic work next year is to deepen reform, to lay stress on relaxation in the course of tightening, to increase supply to meet demand, to enliven the market, to stabilize commodity prices, to readjust the structure, to do well in making investment, to guarantee key projects, to raise economic results, and to make the economy develop continuously and steadily.

In his report, Yan Haiwang put forward: The gross industrial and agricultural output value of the whole province in 1988 should amount to 19.81 billion yuan, an increase of 7.5 percent over the preceding year. We must strive for 20 billion yuan. Revenue should reach 2.4 billion yuan, an increase of 8.1 %. Next, Yan Haiwang analyzed the favorable conditions for 1988 economic work and the disadvantageous factors. He demanded: It is necessary to grasp seven aspects of work in 1988, namely, continuing to strengthen the agricultural foundation, further deepening reform of the economic structure with the system of contracted responsibilities for operating enterprises as the focal point, continuously launching the drive of double increase and double economy, further promoting lateral economic ties, seriously ensuring a balance of funds, materials, foreign exchange, and [words indistinct], striving to

stabilize commodity prices and the commodity market and striving to attach importance to scientific and technological progress and the development of intellectual resources, and speeding up the development of science, technology, and education work.

Shaanxi Secretary on Multiparty Cooperation
*HK190700 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 11 Dec 87*

[Text] Zhang Boxing, provincial party committee secretary; Hou Zongbin, provincial party committee deputy secretary and acting governor; and Zhou Yaguang, provincial party committee deputy secretary, yesterday afternoon had a dialogue with delegates participating in the 23d meeting of the Standing Committee of the 5th CPPCC provincial committee, on the improvement of the multiparty cooperation and political consultation system under the CPC's leadership and on the reform and opening up of Shaanxi.

CPPCC provincial committee chairman Tan Weixu said: Our leading comrades from the provincial party committee and government call on us and sincerely solicit our opinions today. This is a great support for our CPPCC provincial committee. I hope everyone will speak out freely.

After that, CPPCC provincial committee delegates (Zhou Youming), (Liu Liangzhan), (Ren Jingfu), (Peng Shixiu), (Gao Lingyun), (Pan Bianwei), (Hu Peiquan), (Zhou Hanbao), and (Ren Yaoting) spoke on the strengthening of united front work, the improvement of the multiparty cooperation and political consultation system under the CPC's leadership, the smooth development of the political structural reform, and the correct implementation of the party's policy toward religions.

Some CPPCC provincial committee delegates said: In implementing the guideline laid down by the 13th CPC National Congress, we must further develop the excellent situation characterized by stability and unity, and cultivate a lively political atmosphere.

Some CPPCC provincial committee delegates noted: It is necessary to show greater respect to knowledge and talented people. The provincial authorities should try their best to appropriate more funds to education and make every effort to improve the working and living conditions for intellectuals.

Delegates present at the meeting also pointed out that it is necessary to attach importance to agricultural problems, increase the province's potential for further agricultural development, and do a good job in promoting agricultural production.

Having heard the opinions of CPPCC provincial committee delegates, the leading comrades of the provincial party committee and government also aired their views. Zhao Boxing said: The provincial party committee will

give full support to the CPPCC provincial committee so as to give full play to the role of the CPPCC provincial committee and other democratic parties and factions. We will earnestly listen to your opinions on any important events in the province at any time, for instance, the election of new deputies to the provincial people's congress and new delegates to the CPPCC provincial committee. We will uphold this practice, make it a habit and a system.

Hou Zongbin said: Agriculture has been developing pretty fast in Shaanxi in the past few years. Our rural areas have undergone remarkable changes. But we are still facing some problems there. The main ones are: decrease in investment in agriculture, the worsening of conditions for agricultural production, reduction of area of farmland, and the shortage of chemical fertilizer, plastic film, diesel oil, and other capital goods. The provincial government is taking measures to solve all these problems promptly.

During the meeting, Zhou Yaguang showed his appreciation of the efforts made by the CPPCC provincial committee in the past few years. He also presented some specific suggestions on the implementation of the policy on the united front work, the raising of funds for daily operation of various parties, and the housing of members of these parties.

Shaanxi's Zhang on Scientific Research Reform
*HK190806 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 11 Dec 87*

[Excerpts] Provincial CPC Secretary Zhang Boxing and acting governor Hou Zongbin yesterday morning had a dialogue with comrades from some scientific research institutes, at the Yellow House in the New Town District of Xian City. The dialogue focused on the reform of the scientific research structure and on the question how science and technology can help invigorate the economy of Shaanxi.

Present at the meeting were 14 directors of scientific research units, subordinate to state ministries, the provincial authorities, and the city government respectively. They pointed out: Although Shaanxi Province has quite a few scientific research units and a pretty strong contingent of scientific researchers, these are merely latent favorable conditions. Due to factors relating to the policy and the structure, many achievements made by our province in scientific research have failed to play their role in economic construction, and quite a few results of scientific research have not been popularized and applied locally. So, as the old saying goes: The sweet scent of flowers is not sniffed in the garden but wafts beyond the fence.

The opinions of these comrades from scientific research units can be summed up in the following three points: 1) the necessity of streamlining administrative organs and delegating power to lower levels in scientific research

units; 2) the question concerning the policy on the reform of the scientific research structure; and 3) the necessity of improving the working conditions in scientific research units. [passage omitted]

In response to these opinions, Zhang Boxing and Hou Zongbin first expressed their thanks to the vast number of scientific and technological personnel for their concern for the economic development of Shaanxi Province. Then Zhang and Hou answered the questions raised by the scientists present at the meeting.

Hou Zongbin said: Science and technology, as one of the strategic focal points of economic development, should be put in the first place. In order to turn our province's latent power in science and technology into a genuine favorable condition, all of us must make concerted efforts. With regard to the allocation of human resources, we may make a study later. As an option, we can establish a permanent science and technology market to facilitate exchange and transfer of results of scientific and technological research. We can also follow the example of the micro-electrics research institute, setting up a group of companies which integrates the functions of scientific research, teaching, production, financial service, and trade. As for the question of reform, this mainly concerns the decisionmaking power. To cope

with this problem, we must resolutely carry out the guideline promulgated by the State Council in 1986 demanding an expansion of the decisionmaking power of scientific research units. All measures taken by the provincial authorities and other departments, if violating this guideline, must be annulled. The reform of scientific research units still must be carried out earnestly. It is necessary to go on with the reform of the personnel and distribution systems, as well as the contracting system on a project and [words indistinct] basis. With regard to the policy question, all provisions promulgated by the state must be resolutely and fully implemented, and all bans imposed by the state must not be violated. We must show the courage in taking the lead in doing original work, so long as it is favorable to the development of productive forces and is not banned by the state. And we must concentrate our attention on the development of productive forces.

Talking of the separation of party leadership and government administration, Zhang Boxing said: Medium- and small-sized scientific research units may suspend the party committee secretary leadership system on an experimental basis and let their directors take care of building of both material and spiritual civilizations. No matter how, the ideological and political work must not be slackened.

Defense Ministry Denies Order of Submarines
OW201002 Taipei International Service
in English 0200 GMT 19 Dec 87

[Text] The Defense Ministry Friday denied that the ROC is intending to order more submarines from a Dutch shipyard which has already built two for the country's Navy. The ministry said that the report was a mistake and that the country has placed no further orders with Wilton-Fijenoord of the Netherlands. A press dispatch from Rotterdam Thursday said the Dutch Government rejected a bid that the shipyard build four more submarines for the ROC in order not to offend Peking.

Meanwhile, the Dutch-built Sea Dragon submarine was unloaded Friday morning, and braved its first trial voyage by the ROC Navy in the waters of the southern port of Kaohsiung. The ministry also invited the local press to observe the submarine testing maneuver later in the day.

Singapore's Prime Minister Visits Taipei

President Meets Lee Kuan Yew
OW210820 Taipei International Service
in English 0200 GMT 19 Dec 87

[Text] President Chiang Ching-kuo Thursday met with Singaporean Prime Minister Lee Kuan Yew and his wife at his residence in suburban Taipei. They exchanged views on matters of mutual concern in a pleasant atmosphere. Lee arrived here Wednesday after attending a summit meeting of the Association of Southeast Asian Nations in Manila. He is scheduled to leave Friday for Hong Kong en route home.

Lee Departs for Home
OW210545 Taipei CNA in English
0258 GMT 21 Dec 87

[Text] Taipei, Dec. 21 (CNA)—Singaporean Prime Minister Lee Kuan Yew and Mrs Lee left for home Sunday after a five-day visit to the Republic of China.

The Lees arrived in Taipei Dec. 16 from Manila after Prime Minister Lee attended the summit meeting of the Association of Southeast Asian Nations (ASEAN). They were accompanied to Taipei by Singaporean Vice Prime Minister Ong Teng Cheong and his wife.

Premier Yu Kuo-hua and Foreign Minister Ding Mou-shih and their wives saw the Lees off at Chiang Kai-shek International Airport.

President Chiang Ching-kuo and Mrs Chiang entertained the Lees at tea last Thursday at their official residence in Tachih where they exchanged views on many problems in a very cordial mood.

During their stay in Taipei, the Lees, accompanied by Premier and Mrs Yu Kuo-hua and Minister and Mrs Ding Mou-shih, visited spots of interest in southern Taiwan.

Melee Between KMT, Opposition Legislators
OW201018 Taipei CHINA POST in English
16 Dec 87 p 12

[Text] More than 10 ruling party and opposition legislators brawled openly for about 18 minutes over their right to interpellate government officials at a Legislative Yuan session yesterday.

It was the third time since September that debating legislators have turned to fisticuffs.

The melee erupted when Legislator Wang Tsung-sung of the opposition Democratic Progressive Party took off his shoe and repeatedly pounded it on legislature speaker Nieh Wen-ya's table while Nieh was gaveling Wang to step down.

Wang was protesting Nieh's calling a vote to cut short interpellations, which would have stalled passage of a supplementary Central Government budget for fiscal 1988.

Then Kuomintang Legislator Su Huo-teng scuffled with Wang when Wang tried to grab the legislature speaker's microphone.

About eight other KMT and DPP lawmakers then joined the fracas, shoving each other and grappling together.

Legislator Wang broke free after his suit was torn apart, but Su chased him to his seat and threw a wild punch.

The legislature, dominated by the KMT, subsequently passed the motion to end interpellations, and the session was adjourned.

Earlier, DPP Legislator Kang Ning-hsiang, described by political observers as a moderate, also lost his composure, cursed KMT colleagues and demanded speaker Nieh resign.

DPP Supporters Stage Demonstration 18 Dec
OW210911 Taipei International Service
in English 0200 GMT 20 Dec 87

[Text] Several hundred supporters of the opposition Democratic Progressive Party staged a workers' demonstration outside the lawmaking Legislative Yuan building Friday in support of a DPP lawmaker involved in a slugfest on the legislative floor Tuesday.

The protesters burned the effigies of three ruling Kuomintang lawmakers who had joined in the melee and shouted obscenities against their colleagues. They also threw rocks at riot police trying to put out the fire they had set with the KMT lawmakers' effigies. Two policemen and a woman reporter of the Ladies News Weekly suffered minor injuries from being hit by rocks. The protesters also clashed with some 30 members of the minority Young China Party outside the Control Yuan, where they were calling for a government crackdown on advocates of Taiwan independence.

The demonstration lasted for nearly 4 hours before the participants were dispersed by the police.

Police Warn DPP Against Demonstration 25 Dec
OW210925 Taipei International Service
in English 0200 GMT 20 Dec 87

[Text] Meanwhile, Liao Chao-hsiung, director of the Taipei City Police Bureau, warned Friday that the police will take strong action to deal with the DPP-sponsored demonstration near the Taipei City Auditorium scheduled for Constitution Day December 25th.

Liao said: Friday's incident clearly showed that DPP leaders were not capable of conducting an orderly demonstration as they had promised.

President Chiang Ching-kuo will address the Constitution Day rally inside the city auditorium with more than 1,000 members of the National Assembly attending.

Hong Kong

Officials Mark PRC-UK Hong Kong Accord
HK200648 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 20 December 87 p 4

[Report: "Lu Ping and Ke Zaishuo Make Remarks on Third Anniversary of the Signing of the Sino-British Joint Declaration"]

[Text] Commenting on the implementation of the Sino-British Joint Declaration on the occasion of the third anniversary of its official signing, Lu Ping and Ke Zaishuo noted that both the Chinese and British Governments have made great progress in implementing the guidelines laid down in the joint declaration. Both Lu and Ke were members of the Chinese delegation to the Sino-British talks that resulted in the joint declaration. They believe that the favorable impact of the Chinese central authorities' policy toward Hong Kong will become more and more obvious as time passes.

Lu Ping, deputy director of the Hong Kong and Macao Affairs Office under the State Council, pointed out: It is understandable that, at the moment, some people in Hong Kong still have doubts about and lack confidence in the central authorities' policy toward Hong Kong. But, in the wake of the development of the four modernizations in China, the problem concerning confidence on the part of the Hong Kong compatriots will be solved step by step.

Lu Ping revealed that the Chinese side had made extensive economic and political studies on Hong Kong before the Sino-British talks were opened, and one of their considerations at that time was how to retain stability and prosperity in Hong Kong. As long as the central authorities' policy continues to be implemented correctly, Hong Kong will be able to maintain its prosperity and stability, he noted.

Ke Zaishuo, director of the Foreign Ministry Hong Kong and Macao Affairs Office, held that practice in the past 3 years has proved that both the Chinese and British Governments are determined to implement the Sino-British Joint Declaration. He added that great progress has already been made in this direction.

Ke said: At present, the Sino-British Joint Liaison Group is dealing with some problems concerning Hong Kong's relations with international organizations. The purpose in solving these problems is to ensure that the handing over of political power in 1997 will cause no change or interruption of these international links and to prepare conditions for the future Hong Kong Special Administrative Region to play a greater part in international activities.

Ke said: Apart from the issue of international relations, the Joint Liaison Group is also going to take care of some of Hong Kong's internal problems, such as defense and

public security, the issuance of identity cards and BNO [expansion unknown] passports, the pension system for civil servants, and the recruitment of judicial personnel. He emphasized that this is not meant to intervene in Hong Kong's internal affairs. In fact, Hong Kong will still have to face all these internal problems after 1997 and, also, they involve the commitment that the Chinese Government has assumed in the joint declaration.

Ke Zaishuo also pointed out: In the course of implementation of the Sino-British Joint Declaration, the Joint Liaison Group's actual task is to ensure the smooth handing over of political power and a steady transition. This is a common understanding between the Chinese and British sides. He said: It is necessary to ensure that the current social system of Hong Kong will continue to operate, and it is also necessary to avoid any substantial change after 1997, which is what a steady transition means. Anyway, avoiding changes due to the handing over of power in 1997 is of great significance to Hong Kong's prosperity and stability.

Paper Interviews Li Hou on Basic Law

On Drafting of Law
HK200339 Hong Kong WEN WEI PO
in Chinese 19 Dec 87 p 2

["Special report" by Hsiao Wan-ying (5618 1238 5391) and Chen Chien-ping (7115 1696 1627): "Sure of 70 or 80 Marks—Li Hou on Drafting of the Basic Law"]

[Text] "Some people are of the opinion that China shows no concern for democracy in Hong Kong; that is a misunderstanding. We care for democracy, the more so for Hong Kong's prosperity and stability, which are the major prerequisites. We are against whatever is unfavorable to Hong Kong's stability and prosperity." The secretary general of the Basic Law Drafting Committee, Li Hou, explicitly expressed China's hope for the development of democracy in Hong Kong in an interview with these reporters.

According to Li Hou, China is not for radical changes, but advocates gradual progress. This is because rapid changes will result in social unease. The politics of the future Hong Kong Special Administrative Region should take into consideration the interests of both the grass-roots stratum and people in the upper strata. Any imbalance will naturally affect social stability.

He believes that gradual progress is the inevitable path to democracy. The main part of the issue has been largely settled, and the question now is the electoral proportions. He cited an example in figurative speech: "An old Chinese saying says 'it is never easy to suit all tastes.' Some may criticize the soup as being too salty; others may think it tasteless. It is advisable to add less salt when the soup is prepared, so that more salt may be added if

the soup is found tasteless until everyone finds it satisfactory. It will be a hopeless situation if the entire pot is found to be too salty from the start."

Some people propose: Changes should take place prior to 1997, but not after 1997. Li Hou disagreed with this view. Li believed that it would be impossible, and that radical changes should not take place prior to 1997, neither would it be possible to resist some changes after 1997. He said: "The society is progressing. So long as nothing goes against the Basic Law, China will not oppose some changes, neither will China reject continuous development of the system of government after 1997."

He stressed that the factor of direct elections was included in all proposed systems of government, and all these proposed systems were progressive, because, to date, direct elections were basically nonexistent. So long as concessions were made and negotiations carried out, it would not be too difficult to find an opinion acceptable to all. However, he stressed that the electoral proportions of the future Hong Kong legislative organ should be discussed among Hong Kong citizens.

Li pointed out that the method of voting should be refrained in the drafting unless some major issue came up. It was hoped that a decision would be made only when opinions in discussion became comparatively ripe. However, he said that there should be proposals when the clauses of the Basic Law were officially submitted to the People's Congress for its approval. If opinions differed regarding the proposal in question, voting would be inevitable. The proposal should be adopted with a two-thirds majority.

Li Hou said that it would not be strange if some negative votes were cast. He said: "People cast negative votes in the United Nations. Is it not true that many people do the same thing in your Legislative Council?" Li Hou stressed it would be impossible for the Basic Law to be 100 percent accepted when it was promulgated. However, it would not be too bad if the Basic Law Drafting Committee could work hard to make it acceptable to the majority of people. He believed that if the Basic Law could not score 100 marks, then it would definitely be sure of 70 or 80.

All Interests Included

HK190630 Hong Kong WEN WEI PO
in Chinese 19 Dec 87 p 2

[Report: "Li Hou Stresses Taking Interests of All Circles Into Account To Avoid Social Unrest in Hong Kong"]

[Text] Li Hou, secretary-general of the Basic Law Drafting Committee, said that China is concerned about Hong Kong's democracy as well as its stability and prosperity. This is the major premise. For this reason, he insisted on

developing political reform in a step by step manner to avoid social unrest that may arise if the interests of certain strata are not taken into account.

In an interview with reporters a few days ago in Guangzhou, Li Hou said that the Hong Kong Special Administrative Region should take the interests of all circles into account. Neglect of the interests of any stratum will give rise to social unrest. Therefore, mixed election is most suitable to Hong Kong's practical conditions. Now the question unsettled is related to the different proportion. He believed that prior to the drafting of the Basic Law, compromises will be made and a scheme concerning election proportion will be worked out unanimously.

After reviewing the Basic Law drafting work over the year, Li Hou said that the drafting of the Basic Law has been tight and fruitful. He pointed out that three plenary meetings were held to draft the Basic Law. The Political Reform Group and the relations between the Central Authorities and the Special Administrative Zone Group held nine panel meetings, respectively, an average of one meeting a month. Of these, the articles have all been drafted, except the three articles concerning regional flag and emblem. Regarding controversial questions, different schemes have been worked out. This constitutes the important development of the Basic Law drafting work.

Looking forward to the consultative work in the coming year, Li Hou said that the work to solicit opinions will be carried out when the Basic Law (draft) is published in April next year. Details will be worked out at the seventh plenary meeting. By then, mainland members of the Drafting Committee will arrive in Hong Kong and exchange views in groups with various circles and make explanations. Li Hou and Deputy Secretary Lu Ping will also come to Hong Kong.

Li Hou expressed his personal views regarding some controversial questions. He insisted that the articles concerning professional qualifications should more or less follow the current practice. However, the preferential treatment given to specialized personnel from the British Commonwealth of Nations practicing in Hong Kong should be revised so that the stipulations not conforming to Hong Kong's position will no longer be effective. Nevertheless, he emphasized, this does not mean that we encourage those from the mainland to take over the jobs of the Hong Kong people. These problems are still under deliberation. Regarding proposal on the Basic Law Committee, he said that some Hong Kong people regard this committee as a safety valve. He believed that the NPC will take the views and opinions of the Hong Kong people fully into account. However, he said that this committee will definitely not be an organ of power. It is the NPC which has the final say. It would also be unsuitable for the members of the Drafting Committee to decide on its composition.

Li Hou reiterated that the first regional government should embody both sovereignty and smooth transition. Neither of the two should be dispensed with. It is not easy job to integrate the two principles. On the basis of making everything prepared before 1997, some people suggested that the government should be transferred like a nonstop train. Li Hou said that this would be impossible. When the term of office of an old legislative organ expires, he said, a new legislative organ should be elected. While embodying sovereignty, it would be unjustified to make no arrangements to change the government organs. So long as we take the abovementioned principles into account, he said, we will certainly be able to find out a solution.

A reporter asked: If the white paper issued by the Hong Kong Government in February next year states that there will be less than one-fourth of the members elected to the legislative council through direct elections in 1991, will China have any objection? Li Hou said: "We may not have any objection." Provided there are provisions for direct elections in the Basic Law promulgated in 1990 and that the proportion of direct elections will

not go beyond the stipulations of the Basic Law, Li reiterated, China will have no objection to direct elections introduced before 1997.

Singapore's Lee Begins Visit 20 December
HK210149 Hong Kong HONGKONG STANDARD
in English 21 Dec 87 p 3

[Text] Singapore Prime Minister Mr Lee Kuan Yew and his wife arrived in Hong Kong yesterday afternoon on a three-day private visit.

Mr and Mrs Lee flew in after a five-day trip to Taiwan. They will stay on in the territory until December 22.

Mr Lee is expected to pay a courtesy call on the Governor Sir David Wilson during his stay. But authorities have not disclosed Mr Lee's itinerary.

During his five days in Taiwan, Mr Lee met the country's president, Mr Chiang Ching-kuo, and other officials. They discussed economic, trade and technological relations between the two countries.

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